IN THE UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF OHIO

EASTERN DIVISION

IN RE: NATIONAL PRESCRIPTION LITIGATION	) MDL No. 2804
	) Case No. 17-md-2804
This document relates to: All Cases	) Hon. Dan A. Polster

HIGHLY CONFIDENTIAL - SUBJECT TO FURTHER CONFIDENTIALITY REVIEW

VIDEOTAPED DEPOSITION OF TINA STEFFANIE-OAK

YORK, PENNSYLVANIA

MONDAY, MARCH 11, 2019

9:34 A.M.

Reported by: Leslie A. Todd

Deposition of TINA STEFFANIE-OAK, held at the offices of:

BARLEY SNYDER
100 East Market Street
York, Pennsylvania 17401

A P P E A R A N C E S

ON BEHALF OF PLAINTIFFS:
DONALD A. MIGLIORI, ESQUIRE
MOTLEY RICE, LLC
28 Bridgeside Boulevard
Mount Pleasant, South Carolina 29464
(843) 216-9000

ON BEHALF OF HENRY SCHEIN, INC.:
LAUREN MORGAN FINCHER, ESQUIRE
JOHN P. MCDONALD, ESQUIRE
LOCKE LORD LLP
600 Congress Avenue, Suite 2200
Austin, Texas 78701
(512) 305-4700

ON BEHALF OF THE WITNESS:
JUSTIN A. TOMEVI, ESQUIRE
BARLEY SNYDER
100 East Market Street
York, Pennsylvania 17401
(717) 852-4977

APPEARANCES (Continued):

ON BEHALF OF WALMART CORPORATION:
PAIGE E. ZIELINSKI, ESQUIRE (Telephonically)
JONES DAY
555 California Street, 26th Floor
San Francisco, California 94104
(415) 875-5788

ON BEHALF OF McKESSON CORPORATION:
ALEJANDRO BARRIENTOS, ESQUIRE (Telephonically)
COVINGTON & BURLING, LLP
850 10th Street, Northwest
Washington, DC 20001
(202) 662-6000

ON BEHALF OF HBC SERVICES:
PAUL M. MANNIX, ESQUIRE (Telephonically)
MARCUS & SHAPIRA, LLP
One Oxford Centre, 35th Floor
Pittsburgh, Pennsylvania 15219
(412) 471-3490

APPEARANCES (Continued):

ON BEHALF OF AMERISOURCEBERGEN DRUG CORPORATION:
SYLVIA WINSTON NICHOLS, ESQUIRE (Telephonically)
JACKSON KELLY, PLLC
150 Clay Street
Suite 500
Morgantown, West Virginia 26501
(304) 284-4138

ALSO PRESENT:
CHRIS RITONA (Videographer)

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(Attached to transcript)

P R O C E E D I N G S

THE VIDEOGRAPHER: We are now on the record. My name is Chris Ritona. I'm the videographer with Golkow Litigation Services. Today's date is March 11, 2019, and the time is approximately 9:34 a.m.

This video deposition is being held at Barley Snyder, 100 East Market Street, York, PA, in the matter of National Prescription Opiate Litigation, MDL No. 2804, Case No. 17-md-2804, for the court of -- for the United States District Court, Northern District of Ohio, Eastern Division.

The deponent today is Tina Steffanie-Oak.

And will all counsel please identify themselves for the record.

MR. MIGLIORI: Good morning. Donald Migliori from Motley Rice on behalf of the plaintiff.

MR. TOMEVI: Justin Tomevi from Barley Snyder on behalf of the witness.

MS. FINCHER: Lauren Fincher from Locke

Lord on behalf of Henry Schein.

MS. McDONALD: John McDonald from Locke Lord on behalf of Henry Schein.

THE VIDEOGRAPHER: The court reporter today is Leslie Todd, and she will now please swear in the witness.

MR. BARRIENTOS: I'm sorry, you have counsel on the phone.

THE VIDEOGRAPHER: Oh, my apologies. Go ahead.

MR. BARRIENTOS: This is Alejandro Barrientos from Covington & Burling for McKesson.

MR. MANNIX: Paul Mannix with Marcus & Shapira for HBC Services.

MS. WINSTON: Sylvia Winston for AmerisourceBergen Drug Corporation from Jackson Kelly.

THE VIDEOGRAPHER: Anyone else? Okay.

TINA STEFFANIE-OAK,

and having been first duly sworn,

was examined and testified as follows:

EXAMINATION

BY MR. MIGLIORI:

Q Good morning.

A Good morning.

Q My name is Don Migliori. I will be asking you questions today.

I think we're situated in a way where we should be able to hear each other pretty well, but if you don't hear me or if you don't understand my question, just let me know --

A Okay.

Q -- and I'll rephrase.

Have you ever had your deposition taken before?

A No.

Q Okay. The most important rule for you is the court reporter is taking both of our words down. So it's critically important to not speak until I'm finished, and I'll do the same for you.

A Okay.

Q It will also give your counsel an opportunity to interpose an objection if necessary and give you instruction if necessary.

But if you answer my question, I'll assume you've understood it. Okay?

A Yes.

Q Okay. The other helpful tip is that

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gestures are not easily recorded, so I'll just ask you to verbally respond. If it's yes, please say "yes"; no, "no," and then the like.

Do you have any questions before we get started?

A No.

(Steffanie-Oak Exhibit No. 1 was marked for identification.)

BY MR. MIGLIORI:

Q Okay. Let me show you what's been marked as Exhibit 1. This is just the notice for today. The copy I give you will be the one with the blue sticker.

A Okay.

Q And then I'll pass out copies to other folks.

You understand you're here today in litigation that's pending in the Northern District of Ohio?

A Yes.

Q Okay. And we're going to primarily be speaking about your time working at Henry Schein.

When were you received -- or when did you receive notice of this deposition?

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A January. This January.

Q Okay. And who contacted you about that?

A I first was contacted by Sergio Tejeda of Henry Schein to let me know that there was a chance that I may be called for a deposition, and had given Henry Schein counsel my phone number to contact me, and then Margie Hahn reached out to me in January.

Q Okay. And did you talk substantively with Mr. Tejeda about your testimony?

A No.

Q And then you said Margie contacted you later?

A Correct.

Q And when you spoke with Margie, was anything substantive discussed about your testimony?

A No.

Q When was the first time you met with any counsel to talk about the substance of your testimony?

A Yesterday.

Q And who did you speak with?

A I spoke with my attorney, Justin, and

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then also counsel from Locke Lord, John and Lauren.

Q How long did you meet yesterday?

A Five hours.

Q And what did you review? Generally speaking.

A Just some documentation.

Q Was the documentation provided to you to review?

A Yes.

Q Did you bring anything with you to review?

A No.

Q Did you review any testimony of prior witnesses?

A No.

Q You didn't read any transcripts --

A No.

Q -- or any -- did you speak to any other people at Henry Schein about your testimony today?

A No.

Q Other than the five hours you spent yesterday and the documents that you reviewed, did you do any other preparation for today?

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A No.

Q You're here represented by counsel, correct?

A Correct.

Q And how did you retain counsel?

A Through Henry Schein.

Q Okay. So you had no prior relationship with your counsel before this deposition?

A Correct.

Q And I assume Henry Schein is paying for your counsel to be here?

A Correct.

Q Okay. Let's start by having you again, could you please tell the jury your full name and where you reside.

A Sure. Tina Steffanie-Oak, and I reside in Mount Wolf, Pennsylvania.

Q Who is your employer?

A Integra Life Sciences.

Q And what's your job?

A International Regulatory Affairs manager.

Q Generally speaking, what does that mean?

A I work for a medical device firm, so I

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assist with product registrations to market products in countries outside the U.S.
Q In your current position, do you do any work with pharmaceuticals?
A No.
Q And you started this job when? When did you start this job?
A At Henry Schein?
Q No, this job here.
A This particular job?
Q Yeah.
A 2012. March 2012.
Q And you --
MR. McDONALD: Well, let me just tell you, Don, I think she --
MR. MIGLIORI: Yeah, I think she'd have -- yeah.
BY MR. MIGLIORI:
Q When did -- when did you start your job with your current employer?
A Oh, I'm sorry. With my current employer was November 17, 2016.
Q And was that immediately after you resigned from Henry Schein?

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A Yes, it was.
Q Now, you started at Henry Schein in 2004?
A Correct.
Q All right. So we'll spend most of today talking about from 2004, November of 2004 to November of 2016.
But before we get to that, tell me about your educational background.
A I have a bachelor's in business management.
Q From where?
A From Dowling College.
Q And when did you graduate?
A 1998, May.
Q Okay. And what was your first employment after that?
A I was -- well, I went to school in the evening, night, so I was employed.
Q And where were you working?
A Olympus America.
Q What were you doing at Olympus?
A I was an associate manager for a medical device company.

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Q And what did --
A Regulatory affairs.
Q I'm sorry. And what did that entail?
A 510(k) submissions, again, related to product approvals in the U.S.; assisting with FDA inspections; writing procedures; approving labeling.
Q And at that time all of your work was with medical devices?
A Correct.
Q Prior to joining Schein, had you done any work in the area of pharmaceuticals?
A No.
Q How long did you have the job at Olympus?
A Almost seven years.
Q How did you transition from Olympus to Henry Schein?
A Olympus announced that they were going to be moving their headquarters from Long Island, New York, to Pennsylvania, and at that point in time I wasn't open to relocation. I wanted to stay on Long Island. So I searched for open employment, and I received the position at Henry

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Schein.
(Steffanie-Oak Exhibit No. 2 was marked for identification.)
BY MR. MIGLIORI:
Q All right. Let me show you Exhibit No. 2. This was provided to me as your employment file or -- and I'm not going to ask you a lot of questions about it, but there are -- just to get some background.
If you look on the bottom right corner of these pages, you'll see that there's something called a Bates number, and I'll generally refer to the last three numbers.
So it says 971 on the page that I'm looking at. So if you look --
A Oh, I'm sorry. Yes.
Q Okay, we're on the same page? Okay.
Is this your application for employment at Schein?
A Yes.
Q And this is dated October 8th, 2004. Does that sound to be around the time that you applied for this position?
A Yes.

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Q It says "Employment desired," it says "Senior RA Analyst." Is that correct, on the bottom?
A Correct.
Q What is a senior RA analyst?
A It's not a managerial position so I did not have staff reporting to me, so it was a professional level position.
Q And what were your responsibilities in that position?
A At Henry Schein at that time?
Q Yes, mm-hmm.
A Okay.
Q Well, what -- what is it that you believed you were applying for, what position?
A At the point in time that I actually applied, there wasn't an open job description. I knew someone who had handed in my resume. So at that point in time there were -- based on my qualifications and an acquisition that they were dealing with, my skill set was something that they were looking for. So 510(k) submissions again, helping them understand those.
Q Who was the person that you knew there?

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A I didn't know him directly. It was through a colleague at Olympus. Amit Raksit.
Q And so you applied for this position, and it looks like in your application you reference a couple other earlier employments. From '93 to '98 --
A Yes.
Q -- does it say Qosina?
A Correct.
Q What is that?
A They were a medical component distributor.
Q And what did you do for them?
A I was their quality assurance manager.
Q And those are medical devices?
A Medical components, yes.
Q Were they covered by FDA medical device regulations, as you understand them?
A No.
Q All right. And what kind of components? What did they go to?
A A lot of components were for the IV sets.
Q Okay. Again, no pharmaceutical

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background in that position, correct?
A Yes. Correct.
Q And before that, from 1988 to '93, it says Lanner. Is that right?
A Langer.
Q Langer. And what did you do at Langer from '88 to '93?
A I started off as an administrative assistant, and then I was promoted into a -- an associate quality role. They were also a medical company, and at the time that I was promoted, they were introducing some products that were FDA regulated at that time.
Q Okay. Again, nothing at Langer that was related to pharmaceuticals, correct?
A Correct.
Q And so it's fair to say that in your employment history prior to joining Henry Schein, you had no experience or background relative to pharmaceuticals or specifically controlled substances, correct?
A Correct.
Q The position that you were hired into -- let's see. I think I'm -- well, let me ask you

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this. If you turn to the page that's got the Bates numbers 973. Do you see that?
A Yes.
Q Is this the curriculum vitae that you submitted to Henry Schein when you first applied?
A Yes.
Q And to the best of your recollection, this would describe your work history leading up to that application?
A Yes.
Q And it includes Olympus, Qosina and the Langer Biomechanics Group, correct?
A Yes.
Q All right. There's a page that ends in 976. Are you on that page?
A Yes, I am.
Q Okay. This is dated October 18th, 2004, and it appears to be an offer letter for employment at Henry Schein.
Does that document look familiar to you?
A Yes.
Q And these are the terms under which you were employed or hired by Henry Schein in October 2004?

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A Yes.
Q And you were to begin work, as I understand from the rest of your file, on the first paragraph of this, effective November 1st, 2004, reporting to Maurizio Romano, quality assurance manager?
A Correct.
Q And again, this letter generally describes your offer and the expectations and responsibilities as you understood them when you signed on to hire at Henry Schein, right?
A Correct.
Q It's signed by Joanne Gianninoto, human resource specialist. And on the last page ending in 978, that is your signature dated October 21st, 2004, correct?
A Yes.
Q All right. So you hire in at Schein effective November 1st, 2004, and your background at this point is in medical devices, correct?
A Correct.
Q And you are to then report to Mr. Romano, correct?
A Correct.

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(Steffanie-Oak Exhibit No. 3 was marked for identification.)
BY MR. MIGLIORI:
Q Exhibit 3, I'm just going to have you look at. It's entitled "Henry Schein Export Compliance Program Corporate Procedural Manual." I'll tell you it's dated July 10th, 2007, so this is a little less than three years after you're hired.
I want to show you an organizational chart that's on page 083. Just take a second to familiarize yourself with that.
A (Peruses document.)
Q Okay?
A Yes.
Q All right. Is this the flowchart that would have been also applicable once you hired in? That is, would this be true as of November of 2004?
MS. FINCHER: Object to form.
BY MR. MIGLIORI:
Q In terms of your role, not everybody else's role.
A Yes.

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Q Okay. So here it says "The Regulatory Affairs Organizational Chart." The Corporate Compliance and Security Services, L. David.
Was L. David there when you hired on?
A Yes.
Q And he was -- was he then the senior vice president and chief compliance officer?
A Yes.
Q Did Mr. DiBello report to him at that point, do you know?
A Yes.
Q And underneath Mr. DiBello, there are five different areas. One is called Regulatory Affairs, and you mentioned Sergio Tejeda earlier -- earlier.
You were at that point, 2004 through 2007, were not part of that part of Henry Schein, correct? You were not in Regulatory Affairs, correct?
A Correct.
Q Now, you were under a caption or heading called "Quality Assurance" with Maurizio Romano as quality manager, and then it lists you as a corporate quality assurance senior regulatory

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specialist. Is that your title?
A Correct.
Q And what did that -- what did that entail for you?
A I was involved in acquisitions for medical device companies, so I would do due diligence. I also would perform audits of suppliers and internal -- Henry Schein sites or subsidiaries. I was responsible for labeling approval of corporate branded products, and I also was responsible for supplier approvals.
Q These were all for medical devices, correct?
A Some of the suppliers may have sold pharmaceuticals, so it could have been a combination, and supplier approvals.
Q Okay. What would your roles have been, if any, with those suppliers as they related to controlled substances? If you had any.
A I did not have any as far as controlled substances. Only Rx pharmaceuticals.
Q Okay. So it's fair to say that from 2004, at least through this date, 2007, you were not in any way involved with DEA compliance,

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suspicious order monitoring or anything like that, correct?
A Correct.
Q And this position you held for how long?
A That was held until March of 2012.
Q Okay. So I have about ten different appraisals in front of me here that I can avoid with this one question. I'm giving you incentive.
A Okay.
Q It's fair to say that from 2004 through 2012, all of your responsibilities were outside the realm of controlled substances, correct?
A Up until 2012, correct.
Q Okay. And your role at Henry Schein was more directly related to or consistent with the prior work you had been doing at Olympus in terms of FDA regulatory applications, compliance, things like that, correct?
A Correct.
Q At this point, through 2012, you had not dealt with the DEA at all, correct?
A Correct.
Q And you had not dealt with any Controlled Substances Act requirements, correct?

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A Correct.
Q And your role at Henry Schein in quality assurance was distinct from the role of those that reported to Sergio Tejeda in Regulatory Affairs, correct?
A Correct.
Q All right. In 2012, you transitioned over to a position in Regulatory Affairs, correct?
A Correct.
Q Tell me about how that came about.
A I was offered a promotion from Mike DiBello and Sergio Tejeda. So they approached me about this position.
Q Okay. And what did they approach you -- what did they tell you?
A I had been with the company for a number of years, so there had been previous discussions that I did want some advancement within the company. So when they approached me about this position, you know, they indicated that I was a loyal employee, they felt that this was something that I could handle, and they explained what the position was.
Q What did they explain it to be?

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A Being responsible for DEA compliance.
Q All aspects of DEA compliance or a particular area?
A Basically for the Henry Schein distribution centers, the sites that distributed controlled substances.
Q And how would you go about dealing with DEA compliance for the distribution centers? How did they explain it to you? Did they tell you it involved travel? Did they tell you it involved meeting with the DEA? What -- what more specifically can you remember, if anything?
A They did indicate that some travel would be involved. They did mention about customer site visits, that I would be involved in those.
Q What did they tell you, if anything, about the recently implemented Suspicious Order Monitoring Program?
A During that conversation, that didn't come up.
Q At that -- during that conversation, did they talk to you at all about the "Know Your Customer" due diligence project that was then ongoing?

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A I don't recall.
Q Were you asked at any point in that initial conversation or before you took the position to take over the catchup project for the due diligence files for existing controlled substance customers?
MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q Go ahead.
A During the conversation when they offered the position, correct? Was that the question?
Q Initially, yes.
A No.
Q When did they first ask you to assume a position, if they did, where you would be responsible for the due diligence project?
A Can I ask for clarification? So specific to --
Q Controlled substances.
A Just generally the responsibility.
Q Yes.
A So due to the fact that I didn't have prior experience in this area, it was something

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that I had to be trained into. So it wasn't an immediate takeover of that responsibility.
Q Okay.
A So I probably -- at the point that I became more heavily involved in it would have been the summer of 2012. So around the August --
Q Okay.
A -- time frame.
Q So who is it that trained you on due diligence?
A Multiple sources.
Q And who are they?
A Internally through Henry Schein, I shadowed with Mike DiBello, Sergio Tejeda, Craig Schiavo.
We also worked with external consultants, Pharma Compliance, and Buzzeo, Cegedim. I also attended multiple outside industry conferences that were available. So I attended HDMA, the Cegedim PDMA conference that they hold. If there were any DEA conferences that were being held, I also attended those. And then we -- I also joined NADDI, but I'm not sure if it was in that exact time frame.

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Q Okay. So I understand there were essentially three sources of training. There was internal training, primarily with Mr. DiBello and Mr. Tejeda. There was some training with third-party vendors, including Buzzeo. And then you went to some conferences, including the Buzzeo conferences, HDMA, potentially DEA.
Is that generally --
MS. FINCHER: Object to form.
BY MR. MIGLIORI:
Q -- what you testified to was the sources of -- of information?
A Yes.
Q Do you believe you did all of that in 2012 or is this over time? Was this sort of on the job?
A It was continual.
Q Okay. But it started in 2012.
A Correct.
Q And who was performing the due diligence task, if anybody, when you were first introduced to that responsibility?
MS. FINCHER: Object to the form.
THE WITNESS: I -- I will need you to be more specific.
BY MR. MIGLIORI:
Q Was it -- was there somebody else primarily responsible for the due diligence project when you first were asked to move over to Regulatory Affairs?
MS. FINCHER: Object to form.
THE WITNESS: I guess I wouldn't consider it a project. The process itself starts with the department, our Verifications department in Henry Schein. And then also Regulatory Affairs would be involved in that process.
BY MR. MIGLIORI:
Q Okay. Maybe I -- that's a fair point. Let me approach it this way.
You realize that by 2012 that Henry Schein had come to the realization that they had a lack of due diligence, both for onboarding new customers and for existing customers, correct?
A No.
Q There was a deficiency.
MS. FINCHER: Object to the form.
THE WITNESS: No.
BY MR. MIGLIORI:

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Q Okay. You -- you were not told of any deficiency at Henry Schein in terms of the completeness of due diligence files for your customers in 2012?
A No.
Q All right. So no one shared with you any of the third-party audits about the lack of completeness with new customer questionnaires and due diligence?
MS. FINCHER: Object to the form.
THE WITNESS: Not that I recall.
BY MR. MIGLIORI:
Q All right. And nobody shared with you any of the reactions to the HDMA guidances relative to due diligence?
MS. FINCHER: Object to the form.
THE WITNESS: Yes, they did, as far as the guidance that HDMA was giving to the industry and understanding the need for the process, but it was more putting more resources into the process.
BY MR. MIGLIORI:
Q Okay. And -- and was that what you understood your role to be, was to be additional resources into the process?

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A Yes.
(Steffanie-Oak Exhibit No. 4 was marked for identification.)
BY MR. MIGLIORI:
Q Let's look at your -- I just gave you Exhibit No. 4. This is your 2012 performance appraisal.
Do you recognize that to be you?
A Yes.
Q Okay. Let me ask you to turn to the second page in particular.
Now, by the end of 2012, you have now moved over to Regulatory Affairs, correct?
A Correct.
Q And this is the first time that you're dealing with controlled substances in any job description, correct?
A Correct.
Q How did you educate yourself on what the -- the law is?
A I read the CFR.
Q Okay. So you know what the -- you then learned in this position what the Controlled Substances Act required of a distributor?

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A Correct.
Q And you understand that under the statute and the regulations, the distributors are referred to as DEA registrants?
A Correct.
Q And part of the obligations of the registrants then and today is to design and operate a system for the detection of suspicious orders, correct?
A Correct.
MS. FINCHER: Object to form.
BY MR. MIGLIORI:
Q And a component part of that obligation is an ongoing obligation to know your customer and perform due diligence, correct?
A Correct.
MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q And that due diligence starts with bringing a new client on board into the company, correct? A new customer, correct?
A Correct.
Q And as of 2012, nobody shared with you any third-party observation that the only due

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diligence being performed at Henry Schein for a new customer was just verifying a DEA license?
MS. FINCHER: Object to form.
THE WITNESS: No.
BY MR. MIGLIORI:
Q If that were true, is that something you would have liked to have seen?
A Yeah --
MS. FINCHER: Object to the form.
THE WITNESS: Yes.
BY MR. MIGLIORI:
Q All right. Let's look at your comments. It says: "Tina had a very challenging but successful year. She transitioned into the Regulatory operations team and took over responsibilities for the company's DEA compliance."
Is that a true statement?
A Yes.
Q So this is at this point the first time you've ever dealt with DEA compliance, correct?
A Correct.
Q "Tina's promotion to supervisor of Regulatory operations was complicated in that one

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of her team members was out on medical leave and the other left the company just a few months after Tina taking over. She has really done a great job adjusting to the situation and putting together a new team."
Do you recall who the new team was that you put together?
A Yes.
Q Who was that?
A Ken Romeo. Glenn Lonnquist.
Q Anyone else?
A Not at that time.
Q Okay. And were these new hires or did you pull them over from other areas?
A They were new hires.
Q And did you interview them?
A Yes.
Q "Regardless of these complications, Tina was able to manage and maintain the DEA 'Know Your Customer' process backlog to a minimum."
You realize that as of 2012, that Schein had a backlog in its "Know Your Customer" due diligence.
MS. FINCHER: Object to the form.

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BY MR. MIGLIORI:
Q Correct?
A Correct.
Q And so, "Tina has demonstrated to be a good manager and successfully completed/managed the following major projects/initiatives: One, took over DEA compliance management responsibilities and hired two Regulatory specialists for her team."
We just discussed that.
"Two, established herself as a Regulatory contact with the Verifications and Operations team for the DEA issues."
So at this point, did you become the contact person for folks in the Verifications department?
A Yes.
Q And at that time was Shaun Abreu the head of the Verifications department?
A He was -- he wasn't the head of the department, but he was -- he was in the department, yes. He was my contact.
Q Okay. Who was the head of the department?

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MS. FINCHER: Object to the form.
THE WITNESS: It would be Bill Brandt, because that's who he would have reported into eventually.
BY MR. MIGLIORI:
Q Okay. But your contact with Verifications was Shaun, correct?
A Correct.
Q You developed new and enhanced existent policies and procedures related to the HSI Suspicious Order Monitoring System and "Know Your Customer" function.
What new -- let's start with new. What new policies and procedures did you bring to Henry Schein's Suspicious Order Monitoring System and "Know Your Customer" function?
MS. FINCHER: Object to the form.
THE WITNESS: It was related to the "Know Your Customer" due diligence process. So there were enhancements to the questionnaires that we would use to send to the customers, the "Know Your Customer" form. Also developing audit checklists that we would use during site -- customer site visits.

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BY MR. MIGLIORI:
Q Okay. Anything else you can think of?
A I don't recall.
Q Do you recall if in 2012 there was a standard operating procedure in place for new customer due diligence?
A I -- yes.
Q Yes, you recall or, yes, there was?
A Yes, I recall.
Q And what -- what's the answer?
A Yes.
Q Okay. And did you do anything to enhance or change that in 2012?
A I -- I don't recall specifically, other than the "Know Your Customer" forms themselves.
Q Okay. Did you update the standard operating procedures with the new form information?
A I believe that would have been under Shaun.
Q Okay. You didn't do it, to your recollection?
A No.
Q It says you also performed a significant

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number of customer due diligence assessments visits.
Do you know how many you would have done between August and December of 2012?
A No, I don't recall.
Q Do you know how you prioritized which customer visits for due diligence you undertook?
A As an overall, not just myself you mean --
Q Yeah.
A -- correct?
Q Well, that's fine.
A Yeah, I -- I'm sorry.
Q Do you recall the question?
A Yeah, I recall the question. I had to reprioritize the site -- the site visits. Basically if it -- new -- new customers, it was based on territory, where the customers were located. At that point in time they would be assigned based off of that.
Q Did you prioritize based on volume of business?
MS. FINCHER: Object to the form.
THE WITNESS: That would be one

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criteria, yes.
BY MR. MIGLIORI:
Q Did you prioritize based on risk of diversion?
A Yes.
Q And how did you assess that?
A Through review of the "Know Your Customer" due diligence information that had been prepared.
Q What if there hadn't been any due diligence information in the file?
A I don't recall a situation where we didn't have any.
Q Well, okay. You don't recall looking at any files in 2012 where there were no -- there was no due diligence in the file other than verification of registration?
MS. FINCHER: Object to the form.
THE WITNESS: In relation to a planned site visit, no.
BY MR. MIGLIORI:
Q Okay. So you did not, in prioritizing planned site visits in 2012, look for those places for which you had no due diligence.

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MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q In the file. Correct?
MS. FINCHER: Object to the form.
THE WITNESS: In order to set up the site visit, we would've had to have had some information to review and make a determination.
BY MR. MIGLIORI:
Q You will agree with me at this point there were files that had insufficient information for you to make those decisions as of 2012, correct?
MS. FINCHER: Object to the form.
THE WITNESS: I would say no. Because we made the decision to do a site visit, so we would have had some information to base that decision off of.
BY MR. MIGLIORI:
Q I'm not limiting it to the site visits, though. I'm saying as of 2012, among the thirty, 40,000 customers, whatever the number is, you were then aware that there were files that had little or no information in the files for due diligence, correct?

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MS. FINCHER: Object to the form.
THE WITNESS: Correct.
BY MR. MIGLIORI:
Q All right. The last point here in 2012, it says: "Conducted DEA-focused audits and trainings in Henry Schein's and subsidiaries' facilities."
Who developed the DEA-focused audits?
A I don't recall specifically.
Q So these were audits that were already in place that you just joined in on, or are these audits that you came up with? If you recall.
A I'm sorry, I misunderstood the first question.
Q Sure. It says conduct the focused audits. Were these --
A Oh, okay.
Q -- new types of audits, or were these ongoing or regular occurring audits that you then joined when you joined this department?
A They were ongoing audits that were performed by other employees until I came into the role.
Q Okay. And then it says you conducted

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trainings. What kind of trainings did you conduct in 2012 on DEA audits?
A I performed mock DEA audits at our distribution centers.
Q Do you know which distribution centers service Ohio?
A Denver, Pennsylvania can service it. All Schedule IIs had only come out of the Indianapolis facility, but technically any of the distribution centers other than Schedule IIs could ship into Ohio based on availability of the product.
Q All controlled substances, including opioid narcotics, came out of the Indianapolis distribution center?
A All Schedule IIs.
Q Right. And that includes OxyContin, oxycodone, hydrocodone, correct?
A As of now, correct. In 2012, hydrocodone wasn't a Class II.
Q Where did the Class IIIs come out of in 2012, which distribution center?
A All of them.
Q Do you know which would have supplied

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Ohio?
A Based on territory, I would say that the Denver, Pennsylvania distribution center would have been the closest.
Q Okay. Is that generally the preference in the -- in the Schein system that the closest distributing -- distribution center fill those orders if they had the supply?
A Correct.
Q So more likely than not for the northern -- for the Cleveland, Cuyahoga, Summit County areas of Ohio, hydrocodone, until it was reclassified as a Schedule II drug in 2014, hydrocodone would have been most likely shipped out of the Denver, Pennsylvania distribution center, correct?
A Correct.
MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q All right. In these trainings, did you have any materials, any training materials, handouts, booklets? Was there something that you used to train?
A There would have been something, yes.

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Q And do you recall what it was called?
A Not at this time in 2012.
Q Was it a paper handout, was it online, do you know?
A It -- we had an audit checklist that we would work off of. I -- I don't recall handing out anything specifically after the audits.
Q What -- what kinds of things were on the audit -- audit checklist?
A It basically was set up to follow the requirements under the CFR. So it would talk about receipts of controlled substances, inventory records that are required to be kept, shipment records that are required to be kept, reconciliation of inventory.
Q What, if anything, did the checklist have relative to due diligence and due diligence files?
A It did ask whether or not there was a system in place, and whether or not there was due diligence --
Q Okay.
A -- available.
Q Did it have specifics about new

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customers?
A Not that I recall, no.
Q Did it have any components that talked about background checks of new customers?
A No, because these audits were being done at the distribution center, and that process was not handled at the -- at that level. So no.
Q Okay. So the due diligence components were handled by the Verifications department and not at the distribution centers; is that correct?
MS. FINCHER: Object to form.
THE WITNESS: Verifications in the corporate office managed the due diligence process.
BY MR. MIGLIORI:
Q Okay. Distribution centers did not, correct?
A They did not manage the process, correct.
Q They helped execute it, implement the -- the shipment -- would it ship directly from the distribution center to the physicians?
A Yes.
Q Was there a process at the distribution

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center -- let's stick to Indianapolis and controlled substances. Was there a process at the Indianapolis distribution center to check the due diligence file before shipment?
MS. FINCHER: Object to form.
Q In 2012?
A I -- I don't know.
Q Would the distribution center in Indianapolis have access to the due diligence file prior to shipment in filling a physician's order?
MS. FINCHER: Object to the form. Lack of foundation.
THE WITNESS: I don't know. I wasn't involved directly in that part of it.
BY MR. MIGLIORI:
Q If that existed, that wasn't part of the training that you did at the distribution centers for DEA audits?
MS. FINCHER: Object to the form.
THE WITNESS: Correct. I -- I did not do training specifically myself at Indianapolis. So no, I wasn't part.
BY MR. MIGLIORI:
Q What about for hydrocodone, was there

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any special process that you can recall in your training that's referred to in your performance evaluation relative to hydrocodone and controlled -- and Schedule III drugs?

A I'm sorry. Can you rephrase the beginning?

Q Sure.

A I don't know what the question exactly was.

Q Do you recall in your training that's referenced in this document, Exhibit No. 4, in this training that you would give, if there was anything specific to hydrocodone and Schedule III drugs?

A What we would speak to the -- the team about is what drugs we knew were being abused and that were potentially to be diverted. So that was part of the discussion.

Q Which drugs did you tell the team were being abused and potentially diverted?

A Opioids. And also some other, Xanax and --

Q Did that include hydrocodone?

A Yes.

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Q And what was the training -- what more specifically, if you can recall, was that training? Did you just tell them which drugs they were? Did you tell them anything else in particular?

A Just reemphasizing security of those drugs, making sure that the processes were always being followed. That's all that I recall.

Q Okay. Was there a particular paperwork or reporting requirements that were specific to the distribution centers in this training?

MS. FINCHER: Object to the form.

THE WITNESS: It was a mock audit or internal audit. So, again, we had a checklist that we would use, so that was filled out, and then a report would be generated if there were any potential issues, and to document that the audit took place.

BY MR. MIGLIORI:

Q Did that audit involve anything to do with ARCOS data? Or ARCOS reporting requirements?

A Yes.

Q And what do you recall?

A Confirmation that ARCOS was being

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reported.

Q Okay. What about suspicious orders, did anything come out of that audit training relative to suspicious order reporting?

A I don't recall at that time in 2012 specifically.

Q Okay. What about reporting to states for those states that had reporting requirements? Was there anything in that training?

A No, not for the distribution centers because they were not involved in that process.

Q Who handled the state reporting process in 2012?

MS. FINCHER: Object to the form.

BY MR. MIGLIORI:

Q If you know.

A It would have been between Regulatory and Verifications.

Q This has come up a few times. What does that mean, it would be between Verifications and Regulatory, specific to state reporting requirements?

A At that point in time, some reports may have been run by Verifications for certain states,

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and other states may have been run for -- by Regulatory.

Q Do you know in 2012 who was supposed to be running Ohio's state reporting requirements?

A No.

Q Do you know at any point after that 2012 who was supposed to be running Ohio's reporting requirements?

MS. FINCHER: Object to the form.

THE WITNESS: I know that eventually all the state reporting came under regulatory's responsibility.

BY MR. MIGLIORI:

Q Did you have any responsibilities with respect to state reporting requirements?

A Not directly, no.

Q How were you indirectly involved?

A I don't remember what year it was. It wasn't for the first couple of years that I was in the position. Once it transferred under Regulatory, I had a staff member that was responsible for running the reports.

Q And did that staff member report directly to you?

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A Yes.
Q Did you become aware that for almost a two-year period of time, that Henry Schein had not been reporting at all to the Ohio Board of Pharmacy?
MS. FINCHER: Object to the form.
THE WITNESS: No.
BY MR. MIGLIORI:
Q But that responsibility at some point fell on your staff member, correct?
A Correct.
Q Do you know what years?
A No.
Q And ultimately you reported throughout this period of time to Sergio Tejeda?
A Correct.
Q Did you have -- beginning in 2012 going through 2016, did you have regular meetings about DEA compliance with your Regulatory team?
A Yes.
Q When did those start? Were they ongoing when you got there or did they begin sometime after?
A They were ongoing as part of training,

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bringing on the new hires, and also meeting internally.
Q And how often did you meet?
A With my staff, it was at least once a week.
Q Were there minutes to those meetings?
A No.
Q Did you report out your meetings to anybody above you?
A Not -- no, not the specific ones. I may have had conversations with Sergio as far as the, you know, training of each of the new hires, kind of where they were at.
Q From 2012 to 2016, did you have regular meetings with those above you, with Sergio, with Mr. DiBello, Mr. Peacock?
MS. FINCHER: Object to the form.
THE WITNESS: I would -- yes. Mike DiBello wasn't there then. But also for Verifications, we were in contact on a daily basis, so we also had scheduled meetings but it was a constant communication.
BY MR. MIGLIORI:
Q Okay. I'm focusing right now

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specifically, though, with regularly scheduled meetings, that is, a weekly meeting, a monthly meeting, a quarterly meeting.
Did you have any kind of organizational meeting or regular reporting meeting with your supervisors, whether or not it included Verifications?
A No.
Q Okay. And that was through 2016?
A Correct.
Q Were you ever part of a team of -- of specific people within Regulatory to -- well, strike that.
There's a reference in your appraisal to conducting audits. Was there an audit team? In 2012, let's start there.
A In reference to these conducted DEA-focused audits?
Q Yeah.
A As far as the internal sites that were done at -- for Henry Schein, it would have been my team, once they were trained. So it would have been myself, Ken and Glenn.
Q Okay.

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A And Sergio if we needed him.
Q Was there anybody between 2012 and 2016 added to that team?
A Yes.
Q Who was that?
A Beverly Butcher.
Q Okay. And what was her title?
A Senior Regulatory specialist.
Q Okay. And who -- anyone else?
A I'm just trying to remember the year. So Liam Schauer.
Q Okay. Anyone else you can think of?
A Pete Schmidt. He was not a new hire, but he was moved into my team.
Q Okay. How often were these audits done?
A The mock audits were done once a year.
Q And were you the project leader for the mock audits?
A I would say no. I mean, each -- each of my staff was -- they were at a distribution center or the corporate office, so they were responsible for that site. I was a project leader as far as making sure they got completed.
Q Okay. So you didn't actually actively

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participate yourself in all of the audits. You coordinated them. Is that a fair statement?
A Yes.
Q All right. Did you actively participate in any yourself?
A Yes.
Q Was that throughout the entire period or mostly in the beginning or --
A The entire period.
Q All right. And what would your specific role be in audits?
A So I was based in the Denver, Pennsylvania facility, so I would conduct a mock audit once a year.
Q Okay. And that's where the hydrocodone would have come into Ohio?
MS. FINCHER: Object to the form.
THE WITNESS: Correct. Up until it was reclassed.
BY MR. MIGLIORI:
Q Okay. And so you had those responsibilities from 2012 to 2014, when it was reclassed, correct?
A Yes.

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Q Did you find -- in your audits, did you find any observations of -- of DEA risks of enforcement relative to hydrocodone?
A No.
MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q You did not?
A No.
Q If you had found any observations or risks for DEA enforcement, would that end up in a checklist, a memorandum, or a report?
A Yes.
MS. FINCHER: Objection to the form.
BY MR. MIGLIORI:
Q And what would that report be called?
A An audit report.
Q Okay. And so for every distribution center, if I were to look, there should be an audit report once a year from somebody within your team, correct?
A Correct.
Q And that's true for Denver, Pennsylvania. That's also true for the Indianapolis distribution center, correct?

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A Excuse me. I can't say if it was done every year for Indianapolis because I wasn't directly --
Q Okay.
A -- involved then.
Q Did those reports get electronically uploaded into the system?
A The -- yeah, a scanned PDF was saved to a folder.
Q And what was that folder called, if you recall?
A I don't remember.
Q And was that in the JDE system?
A No.
Q Where did those reports go?
A In a folder on a -- a shared folder. There again, they were PDF scanned, so...
Q If somebody else wanted to review them, where would they go on their computer?
A It would have been on a shared Regulatory drive.
Q Okay. Was that accessed only by folks in the Regulatory team?
A Yes.

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Q All right. So Sergio Tejeda, the entire time you were in Regulatory, was your immediate supervisor, correct -- or was one of your supervisors, correct?
A Yes.
Q Your first report was to Mr. Romano?
A Not under this role, no.
Q Not under this role. Oh, Mr. Romano was under your -- your medical device role?
A Correct.
Q So when you switched over, your immediate report was to Sergio Tejeda, correct?
A Yes.
Q In 2012, correct?
A Correct.
Q All right. And so Mr. Tejeda would have access to all of these annual audits of the distribution centers, correct?
A Correct.
MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q And do you know whether there was a document retention policy relative to those audit reports?

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MS. FINCHER: Object to the form.
THE WITNESS: Yes.
BY MR. MIGLIORI:
Q What is that?
A I don't recall what -- how many years, but there was a policy.
Q Okay. Did you review any of those audits in preparation for today?
A No.
Q Counsel didn't bring any of those with -- with them to show you yesterday?
A No.
MR. MIGLIORI: Why don't we take a break. It's been an hour.
MS. FINCHER: Sure.
THE VIDEOGRAPHER: 10:33, we are off the record.
(Recess.)
THE VIDEOGRAPHER: 10:45, and we are on the video record.
BY MR. MIGLIORI:
Q So the last point on this Exhibit 4 I wanted to ask you about was this DEA "Know Your Customer" process backlog.

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How much of a backlog did you realize in 2012 had developed at Henry Schein?
MS. FINCHER: Object to the form.
THE WITNESS: I'm sorry. How much of a backlog?
BY MR. MIGLIORI:
Q Yeah. Do you recall?
A This -- I recall specifically what this is referring to.
Q Okay. What was that?
A Basically what this was referring to was as new customer due diligence was being put together, it had to be reviewed by Regulatory. Because we at that point in time had lost some of the staff, it was just taking longer because it was less people to review it. So it wasn't a significant backlog. It was just if we had more staff, it would have been reviewed quicker.
Q You don't recall actually quantifying that backlog?
MS. FINCHER: Object to the form.
THE WITNESS: I don't recall specifically here, no. I just remember it was not significant.

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BY MR. MIGLIORI:
Q Not significant.
MR. MIGLIORI: Just give me one second. I'm sorry. Not off the record -- I'm just -- just bear with me.
(Steffanie-Oak Exhibit No. 5 was marked for identification.)
BY MR. MIGLIORI:
Q Let me show you Exhibit 5.
The highlights on my copy are mine, not yours, okay? That's just to point you.
This is an August 6, 2013 e-mail --
A Mm-hmm.
Q -- between Sergio Tejeda and Jeff Peacock. And Sergio Tejeda is your direct supervisor, correct?
A Correct.
Q And at this time Jeff Peacock is in Mr. DiBello's role?
A Correct.
Q So Sergio Tejeda reports to Jeff Peacock, correct?
A Correct.
Q Have you seen this e-mail before?

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A No. No.
Q Let me show you -- so if you go to the first page -- the last page. So e-mails, as we go through this, read back to front --
A Mm-hmm.
Q -- because they're a string.
There is an e-mail from Jeff Peacock to several people, including you.
A Mm-hmm.
Q And it says: "Could you each please send me three topics that you feel are risks which Henry Schein faces in our compliance, regulatory and quality worlds? It can be related to your own area or someone else's. Please send them in rank order, most risk to least."
Do you remember receiving that e-mail?
A Yes.
Q Okay. And did you submit something?
A Yes.
Q And what did you submit?
A I submitted something to Sergio.
Q And what do you recall the risk being?
Well, let me say it this way: The first two pages of this are Sergio responding to Jeff

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Peacock. Did you contribute to this list?
A Yes.
Q All right. Let's go through them. It says: "Jeff, here are the areas that I think represent the highest regulatory risk for the company at this point."
And this would be highest to lowest, correct?
MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q Based on the instructions?
A Yes.
Q "Number one, DEA customer due diligence. I have to agree with Tina that this is the area of most risk. A couple of additional pieces to consider on this issue. Approximate number of new accounts opened in a daily basis is 150."
Was that generally true in 2013 that you were bringing on 150 new customers a day?
A It sounds accurate, yes.
Q And that would include customers who are ordering controlled substances?
MS. FINCHER: Object to the form.
THE WITNESS: It would include, but

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not -- it's not 150 total, correct.
BY MR. MIGLIORI:
Q Do you know what percentage of the daily customers were -- were intending to order controlled substances?
A Only from reading this e-mail. Otherwise, I don't recall.
Q It says: "From those" --
A For --
Q -- "from to those, an approximate 4 to 5 percent will place an order for controlled substances. Using the 4 percent, that equates to 1560 new accounts ordering controlled substances each year."
Is that data that you provided to Sergio?
A No.
Q Is that data consistent with your recollection around this time, 2013?
A Yes.
MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q And these customers that you're talking about are primarily individual physicians,

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correct?
MS. FINCHER: Object to the form.
THE WITNESS: No.
BY MR. MIGLIORI:
Q What percentage of Schein customers were -- were individual physicians or individual practices as opposed to dispensaries?
MS. FINCHER: Object to the form. Foundation.
THE WITNESS: I wouldn't know the percentage, but I wasn't referring to dispensaries. I -- I'm not sure what you mean by that.
BY MR. MIGLIORI:
Q Okay. Well, let me ask you maybe a little differently. Of the 1560 new accounts ordering substances -- controlled substances each year, how many of those are individual physicians or private practices, what percentage?
MS. FINCHER: Object to the form. Foundation.
THE WITNESS: I don't know.
BY MR. MIGLIORI:
Q You would agree with me that Henry

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Schein's general business model was not to be a supplier to pharmacies as much as directly to physicians and their practices, correct?
A Correct.
Q And of the 1500, you have no idea how many are physicians and their practices?
A No.
Q Are they the vast majority of them?
MS. FINCHER: Object to the form.
THE WITNESS: I'm not -- I'm not sure. It's -- you're saying individual doctors, like you're saying one --
BY MR. MIGLIORI:
Q Or their practices.
A Yes. I would say yes.
Q Okay. So let me make sure it's clear.
The vast -- it's -- of the 1560 new accounts that Henry Schein was onboarding each year that were intending to order controlled substances, the vast majority of those were individual physicians or private practices, correct?
MS. FINCHER: Object to the form.
THE WITNESS: Correct.

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BY MR. MIGLIORI:
Q All right. "Tina based her analysis on 2012 numbers."
Does that change your recollection about whether you did this analysis?
A I did an analysis, but it was in 2013.
Q Well, but on 2012 numbers, correct?
A Correct.
Q "I learned from a recent conversation with Shaun Abreu, Verifications manager, that the number of active accounts ordering controlled substance products is now closer to 40,000, and that we have completed due diligence for about 13,000 accounts."
Were you aware of that information from Shaun Abreu?
A At that point --
MS. FINCHER: Object to the form.
THE WITNESS: -- in time, yes.
BY MR. MIGLIORI:
Q Okay. "So, therefore, the gap is now approximately 27,000 accounts."
Do you recall that being based on 2012 numbers, the number of accounts that had no due

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diligence or completed due diligence?
A I recall based off of reading this e-mail.
Q Okay. So going back to my earlier question when you said there was a small amount of backlog, will you agree with me that 27,000 out of 40,000 customers is not a small amount of due diligence backlog?
MS. FINCHER: Object to the form.
THE WITNESS: Yes.
BY MR. MIGLIORI:
Q All right. "Based on year-to-date records, we can expect Regulatory Affairs to process 400 to 450 due diligence files each year."
Was that a statistic or a projection that you put together?
MS. FINCHER: Object to the form.
THE WITNESS: I don't recall. I may -- I'm sure I had input, but I'm not sure if I'm the only one that reviewed that.
BY MR. MIGLIORI:
Q Okay. Let me explore that a little bit. If you're bringing on 1560 new accounts ordering controlled substances each year, of those, are --

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is it only a fraction of those getting due diligence files updated?
MS. FINCHER: Object to the form.
THE WITNESS: Can you repeat that again?
BY MR. MIGLIORI:
Q Sure. I'm trying to understand of the 400 to 450 files this year, is that the backlog project or is that new -- new customers?
MS. FINCHER: Object to the form.
THE WITNESS: It -- it would include both.
BY MR. MIGLIORI:
Q Okay. So we can agree that by the end of 2012, when you had your appraisal that we -- your -- your work appraisal that we looked at, Exhibit No. 4, at the end of that year, based on the statistics that you gave to Sergio Tejeda, there were approximately 27,000 accounts or customers in the Henry Schein system that did not have complete due diligence.
MS. FINCHER: Object --
BY MR. MIGLIORI:
Q Correct?
MS. FINCHER: Object to the form.

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Mischaracterizes the document.
THE WITNESS: Correct, but I still stand by what I said in 2012, I was not aware of that information.
BY MR. MIGLIORI:
Q That's fine.
A Okay.
Q And maybe you weren't aware of it. That's fine.
A Okay.
Q But as you're providing this statistical information --
A Mm-hmm.
Q -- in August of 2013 to your supervisor --
A Yes.
Q -- it turned out to be true that in 2012, of the 40,000 customers of Henry Schein, 27,000 of them did not have completed due diligence in their files, correct?
MS. FINCHER: Object to the form.
Mischaracterizes the document.
BY MR. MIGLIORI:
Q Correct?

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A Correct.
Q All right. And you were bringing on 150 new customers or new accounts each day at that period of time, correct?
A No.
Q Well, I'm going back up to the -- approximate number of new accounts open in a daily basis is 150. Correct?
A Correct.
Q All right. So you're bringing on 150 new customers every day, but the projection for completing due diligence was 400 or 450 per year, correct?
A Per year, correct.
Q So in one week, in seven days, you'd have just over a thousand new customers coming on. Correct?
MS. FINCHER: Object to the form.
THE WITNESS: Correct.
BY MR. MIGLIORI:
Q But in that entire year, only less than half of them -- due diligence would be completed for less than half of what was actually onboarded in a single week, correct?

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A No.
MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q Help me understand.
A Regulatory was not responsible for reviewing every single account.
Q Okay.
A So the first process and who owned the process initially was Verifications. So there was only maybe a percentage of those accounts where they felt needed a secondary review.
Q Okay.
A That would come to Regulatory.
Q All right. Well, let's keep reading then, because this is the Verifications side. It says: "According to Shaun Abreu" -- from Verifications, correct? He's from Verifications, correct?
A Yes.
Q -- "they resolve/complete approximately 200 due diligence files per week or 10,400 a year, a combined effort of 10,800 to 10,900 accounts. If we take the current gap plus estimated new account volume for three years, we have an

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approximate 32,000 accounts to be reviewed. Therefore, we are looking at three to four years to become current/fully compliant with DEA due diligence."
Was that information that you projected?
MS. FINCHER: Object to the form.
THE WITNESS: I had involvement in the input, yes.
BY MR. MIGLIORI:
Q All right. So as we sit here right now, in 2012, at the end of 2012 based on this data, given the number of new clients coming on board, the percentage of those that were intending to order controlled substances and the number of accounts that were not complete in their due diligence, it was projected as of August 6, 2013, that Henry Schein would not be compliant with DEA's due diligence requirements until 2016 or 2017, correct?
MS. FINCHER: Object to the form. Foundation.
THE WITNESS: With the current resources at that time, that's correct.
BY MR. MIGLIORI:

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Q Okay. At some point, did you accelerate that process so it would be a quicker resolution to be DEA compliant relative to due diligence and "Know Your Customer"?
A Yes.
Q When did you bring on new people to -- to become compliant with DEA's due diligence?
MS. FINCHER: Object to the form.
THE WITNESS: I brought on one more staff member. That was Beverly Butcher in 2014.
And then I know that Shaun's team grew. I can't say specifically how many, but I know that there was a significant increase in his staffing, because, again, they are the ones that are the front end of the process.
BY MR. MIGLIORI:
Q Okay. And you left in November of 2016?
A Yes.
Q As of the time you left in November of 2016, was Henry Schein caught up in the backlog of due diligence?
A Yes.
Q When did that happen?
A I can't -- I don't recall the exact

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date, but there were certain actions that were put in place to ensure that that happened quicker than the time frame that's discussed here.
Q Okay. But you don't know if it happened just before you left or 2015 --
A It was at least a year before I left, but I don't know the specific date.
Q All right. So it's fair to say that whatever that date is, based on your information that you provided to Sergio Tejeda, Henry Schein was not compliant with DEA due diligence until that date, correct?
MS. FINCHER: Object to the form.
THE WITNESS: No. Not correct.
BY MR. MIGLIORI:
Q Let me word -- use exact words.
"We are looking at three to four years to become current/fully compliant with DEA due diligence."
That was Mr. Tejeda's words, correct?
MS. FINCHER: Object to the form.
THE WITNESS: Correct, based on the current resources and the process.
BY MR. MIGLIORI:

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Q Right. So when additional resources were put together and processes were put in place, that projection was shortened to sometime you think a year prior to your departure in 2016?
A It was sooner than that based off of the actions that were taken. So when we look at that overall number of accounts, that was looking back at previous history of when they ordered controlled substances. So a large percentage of those accounts may not have ordered again.
There were actions that were put in place to make sure that if those customers that did not have due diligence were to order, that the order would pend. So the DEA was removed from the account. So if they were to place an order, that we did take the necessary steps to do due diligence. So it's not that they just left those accounts there for two or three years allowing them to continue to order.
Q I appreciate that. That wasn't my question.
My question was simply, there was a certain point at which this backlog project, this backlog process caught up. Correct?

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A Correct.
Q And you're telling me that it happened sometime before this projection in this exhibit, that is before 2016, 2017, correct?
A Correct.
Q All right. So instead of taking three to four years for Henry Schein to become current and fully compliant with DEA due diligence, it took some time less than that, correct?
A Correct.
MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q But you're saying that it was probably a year or more before your departure, correct?
A I'm going to say no.
Q When would it have been? I'm just trying to find out the time frame.
A Yeah, it -- it would have been shortly after this was issued, because, again, they removed the DEA numbers from those accounts to prevent them from continually -- being able to continue to order without due diligence.
Q I'm not asking about the ordering. I'm asking about the files being compliant with DEA

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due diligence. I'm only asking about the files being complete. Okay? I'm not asking about placing orders.
You'll agree with me that the files were not updated completely and the backlog resolved until -- and up until your departure from the company, correct?
MS. FINCHER: Object to the form, asked and answered.
You can answer again.
BY MR. MIGLIORI:
Q Can you answer the question?
MS. FINCHER: Do you need him to repeat it?
THE WITNESS: Yes, please.
BY MR. MIGLIORI:
Q Will you agree with me that the backup -- the backlog and due diligence at Henry Schein was not resolved completely even at the time of your departure?
A No.
MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q When do you think the backlog was

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resolved?
A It was at least a year or more before I left.
Q All right. So it's your testimony right now that at least a year or more before November of 2016, Henry Schein became current and fully compliant with the DEA due diligence requirements. Is that a fair statement?
MS. FINCHER: Object to the form.
THE WITNESS: Based on my recollection, I would say yes.
(Steffanie-Oak Exhibit No. 6 was marked for identification.)
BY MR. MIGLIORI:
Q Let me show you Exhibit 6.
Exhibit 6 is a PowerPoint produced to us called the "Henry Schein Regulatory Affairs, October 17 Report, Regulatory Affairs, Sergio Tejeda."
By this point you've left the company, correct?
A Correct.
Q I'm going to direct you to page 7 of the PowerPoint.

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Page 7 is a chart of the Regulatory Affairs SOM and due diligence review increases. Do you see that?
A Mm-hmm. Yes.
Q And you'll see that through 2017, there is -- from 2012 when you start through 2017, every year there is an increase in the number of due diligence reviews and site visits, or let's stick with due diligence reviews.
Do you see that?
MS. FINCHER: Object to the form.
THE WITNESS: Yes.
BY MR. MIGLIORI:
Q On the next page -- I'm sorry, on page -- it doesn't have a number suddenly all of a sudden.
So on page 10, it would be --
A Is it that one? Okay.
Q It says "Projects, Activities, Francis O'Regan." Do you see that?
A Where? I'm sorry.
Q In the title.
A Oh, yes. Yes.
Q Under "Due Diligence," it says:

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"Working on standardization and enhancement of the due diligence file review process and creating a standard operating procedure to memorialize a process."
Were you --
A No, I don't see that. Where's that?
Q It's --
A This one? Oh. (Peruses document.) Okay.
Q What was Frank -- Francis O'Regan's position, if you know?
A I don't know him.
Q You don't know him.
A No.
Q Did he show up after you?
A I'm guessing, yes.
Q Okay. So do you see -- first of all, did you know that there was a need for standardization and enhancement of due diligence file review process and the standard operating procedure as of the time you left in November of 2016?
MS. FINCHER: Object to the form.
THE WITNESS: No.

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BY MR. MIGLIORI:
Q And going back to page 7, you'll agree with me that the volume of due diligence reviews did not stop as of the end of 2016 when you left the company?
MS. FINCHER: Object to the form. Foundation.
THE WITNESS: No, because we bring on new customers every day.
BY MR. MIGLIORI:
Q All right.
A So it would not stop.
Q And it continued to grow exponentially?
A Correct.
MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q All right. So as of the end of 2012, going back to Exhibit 5, the gap of existing customers was 27,000 without complete due diligence, and the going forward projection of new customers ordering controlled substances was just over 1500 a year, correct?
MS. FINCHER: Object to the form. Are you asking what this document says?

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MR. MIGLIORI: I'm asking if that's her recollection of the data.
BY MR. MIGLIORI:
Q Correct?
MS. FINCHER: Object to the form.
THE WITNESS: There's a hundred -- yes. 1560 new accounts added per year.
BY MR. MIGLIORI:
Q Did that number change in the subsequent years, '13, '14, '15 or '16, to your knowledge?
A I would say yes, because they were continuing to -- the business would grow and the market would grow, so, yes, it would.
Q So your general recollection is that more than 1560 new accounts came on board from 2012 through 2016 for those physicians and practices wanting to order controlled substances, correct?
A Correct.
Q Now, the -- in 2012 when you started, you said that one of the things you did was go to HDMA conferences.
A They have one a year, so yes.
Q Okay. Do you recall going to one in

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2012?
A Yes.
Q And what, if anything, do you recall learning at that conference as it related to due diligence?
A I know that there was a presentation related to "Know Your Customer," suspicious order monitoring.
Q Were you ever provided the HDMA guidance about due diligence?
MS. FINCHER: Object to the form.
(Steffanie-Oak Exhibit No. 7 was marked for identification.)
BY MR. MIGLIORI:
Q Exhibit No. 7.
A Yes.
Q And what do you recall the expectations to be by the trade association for distributors relative to "Know Your Customer"?
MS. FINCHER: Object to the form.
THE WITNESS: That you were responsible to know your customer.
BY MR. MIGLIORI:
Q Did that involve more than verification

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of registration?
A Yes.
Q If you turn to the -- just the first page of the document, you'll see it's a 2008 Healthcare Distribution Management Association Industry Compliance Guideline.
There's a reference here in the front page of this, it says that -- that -- that "These guidelines have been prepared in recognition of a growing problem of misuse and diversion of controlled substances and the critical role of each member of the supply chain in helping to enhance security."
Did you understand when you first started working with controlled substances in 2012 that there was a growing, if not very grown, problem of misuse and diversion of controlled substances?
A Yes.
MS. FINCHER: Object to the form. Foundation.
I'll just note here that the document predated her time at Schein relative to controlled substances.

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MR. MIGLIORI: I want to make sure I understand that. You said that 2008 was before Schein was working with controlled substances?
MS. FINCHER: Before her role at Schein --
MR. MIGLIORI: Okay.
MS. FINCHER: -- working with controlled substances.
BY MR. MIGLIORI:
Q You said you educated yourself when you got there in 2012, right, about controlled substances?
A Yes.
Q And one of the sources of that education was the HDMA?
A Yes.
Q And this would -- did you -- were you provided this guidance, do you recall?
A I don't -- I don't recall specifically. I know I've seen it over time, but I don't remember if it was then.
Q Okay. It says: "At the center of a sophisticated supply chain, distributors are uniquely situated to perform the due diligence in

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order to help support the security of the controlled substances they deliver to their customers."

Is that part of what you learned in your training, that distributors were in a unique position to perform due diligence?

A I don't know about the "unique" part, but I understood that that was a requirement.

Q Okay. And you understand that the purpose of due diligence is that: "Such due diligence can reduce the possibility that controlled substances within the supply chain will reach locations they are not intended to reach."

That was one of the purposes of due diligence, correct?

A Correct.

Q And then for guidance, if you turn to the page that ends in 616, the very first category is also about "Know Your Customer" due diligence.

Do you recall ever seeing this in your work on the due diligence backlog at Henry Schein?

A Yes.

Q And the types of information that they recommend, the Distributors Trade Association

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recommends under Part b, it says: "All information requested by a distributor should be provided by the owner of the potential customer, the pharmacist in charge, or in the case of a non-pharmacy customer, an equivalent designee."

Who would -- generally speaking, Henry Schein would fall more into the category of a distributor with non-pharmacy customers, correct?

A Correct.

Q It says: "Each completed application, questionnaire or other document providing information requested by the distributor from the potential customer should be signed by the potential customer's owner, pharmacist in charge or equivalent designee." Saying: "I declare under penalty of perjury that the foregoing is true and correct, executed on this date."

Do you recall that kind of guidance from the HDMA?

A I don't recall specifically.

Q Did Henry Schein ever require that much due diligence, that the person sign under the penalties of perjury?

MS. FINCHER: Object to the form.

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THE WITNESS: It required that the owner or the person responsible were to sign the documents.

BY MR. MIGLIORI:

Q Does the questionnaire for Henry Schein actually require that it be under the penalties of perjury?

A I don't recall specifically.

Q The types of information suggested for Henry Schein customers based on the HDMA guidance provide potential customer with a credit application.

Did you require a credit application for your new customers?

MS. FINCHER: Object to the form.

THE WITNESS: Not in my role, but I'm -- under the account setup, I -- I know they went through a credit application.

BY MR. MIGLIORI:

Q Okay. "A background questionnaire requesting the following information: Business background, customer base, average number of prescriptions filled each day."

Is this information -- this type of

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information the types of information that you were trained should be in a due diligence file for each of the Henry Schein customers?

MS. FINCHER: Object to the form.

THE WITNESS: Yes.

BY MR. MIGLIORI:

Q And isn't it true that from 2012 to 2016, Henry Schein's compliance with this was a one-page questionnaire?

MS. FINCHER: Object to the form.

THE WITNESS: No.

BY MR. MIGLIORI:

Q How did Henry Schein obtain this information --

MS. FINCHER: Object to the form.

BY MR. MIGLIORI:

Q -- that -- or information like this when you got there in 2012?

A In 2012, there was -- it was at least a two-page questionnaire in 2012, and then after that there were additional questionnaires that were developed based off of the practice type that the account would fill out.

And then as part of the whole overall

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due diligence process, we also -- there was a licensure background check for state level DEA. There was also an address verification check to make sure it appeared to be a legitimate address, a legitimate practice office.

A Google search. If there was a website for the account, we would look at that. Healthgrades was used to look at different reviews of the physician. You know, any information that was available on the internet.

Q You would agree with me that all those sources of information are important to understand and know your customer, correct?

A Correct.

Q And when they had 27,000 cases that did not have full and complete due diligence, some aspect of that information was missing in those 27,000 due diligence files, correct?

MS. FINCHER: Object to the form.

THE WITNESS: Correct.

BY MR. MIGLIORI:

Q And if you look at the last page of this guidance -- or it says "Additional Recommendations." It's going to be the page that

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ends in 626. Let's see if I got this right.

It says under "SOPs": "It is recommended that to implement these industry compliance guidelines, specific written company SOPs be developed and maintained."

Did you ever do that, develop SOPs for due diligence?

A I don't recall actually developing one. I was definitely involved in revising and changing existing procedures.

Q Did they get implemented?

A Yes.

Q Were they relative to due diligence?

A Yes.

Q So if they happened between 2012 and 2016, you would have had some input relative to due diligence?

A Yes.

Q Did you have any roles from 2012 to 2016 relative to the setting of thresholds in the Suspicious Order Monitoring Systems?

A No.

Q Did you have any roles at all with respect to the Suspicious Order Monitoring Systems

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themselves? And -- and I'm distinguishing that from the "Know Your Customer" due diligence.

A I would say yes.

Q What roles did you have with SOMS?

A I think overall it was a joint role between Verifications and Regulatory to make sure that the system was working, there was an adequate system, and that we were meeting the requirements.

Q Well, specifically, what would your role be in that?

A It's understanding different pends that we had set up, making sure we were pending orders for different reasons. It's -- if there were new drugs that were becoming -- we were learning on the marketplace that were being diverted, making sure that we were looking at those drugs. Do an internal auditing of the system to make sure that it was working as it was expected to work.

Q But you didn't yourself get involved with setting the algorithms, correct?

A Correct. No.

Q And the assumptions for those algorithms, that wasn't part of your responsibility, correct?

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A Correct.

Q Is it fair to say that in the world of DEA compliance from 2012 to 2016, your primary responsibilities were in the area of "Know Your Customer" due diligence and -- and distribution center audits?

MS. FINCHER: Object to the form.

THE WITNESS: Yes.

BY MR. MIGLIORI:

Q If you look at the page 623. It's page 11 of 15. I -- I brought you back too far.

It's a section called "Documentation." It says: "All investigations should be fully documented, and all records of the investigation should be retained in an appropriate location within the firm such as with other records relating to the particular customer."

Was that something that you were taught and trained in 2012?

A Yes.

Q And was it the belief at Henry Schein that if you were to perform due diligence, everything had to be documented?

A Yes.

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MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q And that a lack of documentation was evidence of not being fully compliant --
MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q -- with DEA due diligence?
MS. FINCHER: Sorry, Don. Object to the form.
THE WITNESS: Yes.
BY MR. MIGLIORI:
Q It says: "At a minimum, documentation should include the names, titles and other relevant identification of the representative or the customer contacted -- example: The physician in charge or pharmacist in charge -- dates of contact, and a full description of questions asked and requests for information made by the distributor, and of information provided by the customer."
You would agree with me that, in your review of the due diligence files at Henry Schein, that those were all important elements or fields of information to be recorded, correct?

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MS. FINCHER: Object to the form.
THE WITNESS: Correct.
BY MR. MIGLIORI:
Q And that failure to record that type of information would amount to being an incomplete due diligence file, correct?
MS. FINCHER: Object to the form.
THE WITNESS: Correct.
BY MR. MIGLIORI:
Q "The documentation should include a clear statement of the final conclusion of the investigation, including why the order investigated was or was not determined to be suspicious."
You would agree with me that at least when you got there in 2012, you were trained that suspicious orders that were investigated, their outcome needed to not only be determined but documented in the due diligence files at Henry Schein, correct?
MS. FINCHER: Object to the form.
THE WITNESS: Correct.
BY MR. MIGLIORI:
Q You mentioned the word "pend" earlier.

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You'll agree with me earlier that a pended order in the Henry Schein system was an order that somehow triggered or tripped a concern about an order deviating in size, frequency or pattern from prior orders of that customer?
MS. FINCHER: Object to the form.
THE WITNESS: No.
BY MR. MIGLIORI:
Q How is that wrong?
A Any new customer would automatically pend, and so it would be their first order.
Q Okay. So I'll increase the definition. Any new customer is pended until they are cleared, correct?
A Correct.
Q So in order to clear a new customer, it's essential in the Henry Schein system to perform due diligence, correct?
A Correct.
Q And it's essential to document that due diligence, correct?
MS. FINCHER: Object to the form.
THE WITNESS: Correct.
BY MR. MIGLIORI:

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Q And a new customer, would the due diligence include criminal background checks?
MS. FINCHER: Object to the form.
THE WITNESS: No.
BY MR. MIGLIORI:
Q In new customers, would due diligence include prior convictions for drug-related offenses?
MS. FINCHER: Object to the form. Foundation.
Are you asking, Don, about her role in Regulatory or Verifications or --
MR. MIGLIORI: Due diligence.
THE WITNESS: The license would be checked. There was a check on the license. There was no criminal background.
BY MR. MIGLIORI:
Q Well, you've seen -- have you ever seen the letters from the DEA about not relying on the mere existence of a registration as due diligence?
A Yes.
Q All right. So I'll go back to the original question.
In the onboarding of a new client at

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Henry Schein from 2012 to 2016, in the due diligence for that pended new customer, was there a process by which to verify that that customer did not have any prior drug-related criminal offenses?

A If that offense affected their medical license, yes.

Q So the only way at Henry Schein to determine whether or not somebody had a prior drug-related criminal conviction would be if the medical license were suspended?

MS. FINCHER: Object to the form.

THE WITNESS: Correct.

BY MR. MIGLIORI:

Q There was no independent review of a new onboarded customer of whether or not that doctor or practice had any convictions for drug-related offenses, other than verifying the medical license?

MS. FINCHER: Object to the form.

BY MR. MIGLIORI:

Q Correct?

A Correct.

Q The last sentence of this documentation

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paragraph says: "Copies of any written information provided by the customer should also be retained as part of the documentation of the investigation."

So for a new customer that came on board, if they provided any dispensing history or any other documentation from their practice, that should be in the file, correct?

A Correct.

Q All right. So if I were to take a file of a customer of Henry Schein, that information -- that is, all the information relied upon and all the conclusions from that information about the new customer, the pended new customer, should actually be in the file to be compliant with the DEA regulations, correct?

MS. FINCHER: Object to the form.

THE WITNESS: Correct.

(Steffanie-Oak Exhibit No. 8 was marked for identification.)

BY MR. MIGLIORI:

Q I show you exhibit -- Exhibit 8.

You said one of the companies that you educated yourself on DEA regulatory compliance was

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the Cegedim Dendrite Company, correct?

A Correct.

Q Cegedite -- Cegedim actually performed external third-party audits of your -- of Henry Schein's suspicious order monitoring and due diligence files, correct?

MS. FINCHER: Object to the form. Foundation.

THE WITNESS: Prior to me coming into the position, yes.

BY MR. MIGLIORI:

Q Okay. They didn't do any while you were there?

A No. No audits, no.

Q But they did help you train to understand the DEA requirements, correct?

A It was an industry conference that I had gone to, yes.

Q Okay. Had you, when you took this position, done anything to educate yourself on the prior audits of Cegedim?

A I don't recall being aware. In this --

Q All right. This document is dated December 16, 2009. It's called the "Cegedim

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Dendrite Compliance Solutions Draft, Schein S1 Procedural Review."

And it says: "Background. The guidance provided directly through the regulations was further amplified in correspondence delivered by the Drug Enforcement Administration (DEA) in December of 2007."

Did you ever see that DEA Dear Registrant letter of December 2007?

A Do you have a copy of it so I can look at it or --

Q I -- I do. Just do you recall it offhand? I can show it to you.

A I know there was a DEA letter that I was aware of. I just don't remember the specific date.

Q Okay. It says: "In this correspondence the DEA establishes expectations that registrants will actively investigate prospective customers and aggressively investigate orders pending to filling them."

Do you see that?

A Mm-hmm.

Q Did you understand that to be the --

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your general recollection of what those letters concerned?
MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q Is that consistent?
A By aggressively and all that, yes, I understood what the requirements were per the CFR.
Q Okay. So Cegedim's conclusions and recommendations, if you turn to page 4 of the document, include a section called "New Accounts." Do you see it?
A Mm-hmm.
Q "New accounts are opened without sufficient due diligence, investigations/ inquiries."
Were you aware that Cegedim had found that Henry Schein's new accounts were being opened without sufficient due diligence, investigations and inquiries when you took the job in 2012?
A No.
MS. FINCHER: Object to the form, foundation.
BY MR. MIGLIORI:
Q "For the most part, new accounts are

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opened based upon a verification of the customer's DEA number, which is not considered adequate by the DEA."
Were you aware that the -- the new customers were being onboarded, at least as of 2009, with simple verification of DEA registration only?
A No.
MS. FINCHER: Object to the form, foundation.
BY MR. MIGLIORI:
Q You would agree with me that that's not sufficient based on your training and knowledge, correct?
MS. FINCHER: Object to the form.
THE WITNESS: Correct.
BY MR. MIGLIORI:
Q "Correspondence regarding the prospective customer's previous history of using controlled substances, office practice rules, and general practice expectations should be completed prior to opening the new account."
You would agree that that's what needs to happen before opening a new account, correct --

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MS. FINCHER: Object --
BY MR. MIGLIORI:
Q -- at a minimum?
MS. FINCHER: Object to the form.
THE WITNESS: Correct.
BY MR. MIGLIORI:
Q And it says: "A compliance agreement form should be developed and included in the new account opening process."
Did you in fact develop a compliance agreement during your four years in Regulatory?
A Yes, we did.
Q Were you part of that process of developing it?
A I don't recall if it was there or if I had just modified it.
Q Okay. "The use of the MedPro inquiry should be expanded for all controlled substance accounts, and not just a limited number of states that require this background check."
Are you familiar with the MedPro inquiry?
A Somewhat, yes.
Q And -- and what was it?

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A That is the computer database that Verifications would use to access the doctor's license. They could see if they were licensed in other states too, see if there were any actions against the license or if it was, you know, in good standing.
Q So if a physician went into MedPro -- I'm sorry. Strike that.
If Henry Schein went into MedPro and saw that a physician's license had been suspended and then reinstated, that information would be in MedPro, correct?
MS. FINCHER: Object to the form.
THE WITNESS: It -- yes, it should be in MedPro.
BY MR. MIGLIORI:
Q And the basis for the suspension should also be in MedPro, correct?
MS. FINCHER: Object to the form, foundation.
THE WITNESS: Yes.
BY MR. MIGLIORI:
Q And if that information were relied upon by Henry Schein, that would be in your due

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diligence file, correct?
A Correct.
Q And as of this time, at least in 2009, it appears from this document that MedPro was only being used in the states that required it for background checks.
MS. FINCHER: Object --
BY MR. MIGLIORI:
Q Was that true --
A I don't --
Q -- when you got there in 2012?
A No.
MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q It says: "Henry Schein has conducted some on-site investigation for prospective customers. However, the criteria for the level of due diligence has not been documented in any SOP or memorandum."
By the time you got there in 2012, was there a standard operating procedure or memorandum that documented how on site -- or what the criteria would be for due diligence for new customers?

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A Yes.
Q Do you know when between 2009 and 2012 that happened?
MS. FINCHER: Object to the form.
THE WITNESS: No.
BY MR. MIGLIORI:
Q You would agree with me that in order for there to be a criteria for due diligence, that it would have to be included in a standard operating procedure of the company, correct?
MS. FINCHER: Object to the form.
THE WITNESS: It would need to be documented.
BY MR. MIGLIORI:
Q And that's where it would be documented, correct, in the SOPs?
MS. FINCHER: Object to the form, foundation.
THE WITNESS: Yes. Yes.
BY MR. MIGLIORI:
Q Okay. Another conclusion of Dendrite was that: "Lower level staff is actively involved in clearing pended orders. Pended orders should be cleared by a management official."

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Were you aware of that issue coming into the Regulatory Affairs position in 2012?
MS. FINCHER: Object to the form.
THE WITNESS: No, and I'm not clear what the context was of the pended order.
BY MR. MIGLIORI:
Q You would agree with me that even when you got there in 2012, it was one of the observations that non-medically trained people were clearing pended orders in the Verifications department, correct?
MS. FINCHER: Object to the form.
THE WITNESS: That's correct, but there was never a requirement for them to be medically trained.
BY MR. MIGLIORI:
Q Well, wasn't it true that your own internal auditing that you participated in reached a conclusion at the end of 2013 that the folks that are clearing orders at that level need better training?
MS. FINCHER: Object to the form.
THE WITNESS: We needed to continually improve and provide additional training as

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information became available. I will agree to that, yes.
BY MR. MIGLIORI:
Q And will you agree that your auditing group also found that there needed to be more communication with Regulatory Affairs in clearing those orders and not just having it be done by staff at the Verifications level?
MS. FINCHER: Object to the form.
THE WITNESS: I didn't really a hundred percent agree with that finding, so I have to say no.
BY MR. MIGLIORI:
Q Okay. Well, let me break it down.
You will agree with me that was the finding of that committee -- of that audit, correct?
A That was the finding of one individual, yes, I'll agree.
Q Well, the audit is signed by all of you, correct?
MS. FINCHER: Object to the form.
THE WITNESS: No.
BY MR. MIGLIORI:

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Q All right. I will show it to you. You will agree with me that your auditing team reached the conclusion that low level staff were insufficiently trained and were making too many decisions without Regulatory input relative to clearing pended orders, correct?
A No.
MS. FINCHER: Object to the form. Asked and answered.
BY MR. MIGLIORI:
Q All right. We'll get to it in a second.
Do you agree with this observation in 2009 of Cegedim that: "The responsibilities of the customer service department, the Verifications department and the Regulatory department appear to be poorly defined and reliant, to some extent, upon the judgment of individual employees regarding what types of situations should be referred to management for approval or forwarded to Regulatory for investigation"?
First of all, were you aware that that was Cegedim's observation and recommendation in 2009?
MS. FINCHER: Object to the form,

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foundation.
THE WITNESS: No.
BY MR. MIGLIORI:
Q And when you got there in 2012, did you share that concern?
MS. FINCHER: Object to the form.
THE WITNESS: No. I wasn't -- I've never seen this before, so no.
BY MR. MIGLIORI:
Q You did in fact participate in your own audits where members of your team concluded similarly, correct?
MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q Do you recall that?
A Not how you're wording it. I know that there was a finding about additional training being needed or recommended. So I can agree to that, yes. I'd like to see the report if I can.
Q Sure. I'll give it to you right now.
(Steffanie-Oak Exhibit No. 9 was marked for identification.)
BY MR. MIGLIORI:
Q This is Exhibit 9. This is one of the

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iterations of a report that is -- it says from you, and to the attendees L. David, Jeff Peacock, Mullens, David, Tejeda, Brandt, Matalon, Abreu and Romeo, dated February 14, 2014.
Do you recall writing this?
A I recall completing the minutes to the meeting. I don't -- yes, I didn't -- these are minutes from a meeting.
Q All right. So you -- you compiled these minutes, correct?
A Correct.
Q And these minutes are from a meeting that related to certain findings of the SOM audit team, which included you, correct?
MS. FINCHER: Object to the form.
THE WITNESS: The audit was done -- from my recollection, was done by Ken Romeo, who was -- who reported to me.
BY MR. MIGLIORI:
Q Okay. And so when Mr. Peacock testified in this case that you were part of a team with Mr. Romeo and with Sergio Tejeda, would that have been accurate relative to SOM auditing?
MS. FINCHER: Object to the form.

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THE WITNESS: We had been involved in other audits. This particular -- let me see if this was the particular one that he had done on his own.
BY MR. MIGLIORI:
Q You -- you think Mr. Romeo did this on his own?
A Yes.
Q And you -- you reported this out to everyone. Did you report it as only being Mr. Romeo's?
A Well, the original audit report should be from him. This is just meetings -- we held a meeting to review the audit report and have discussions, so I just documented the minutes.
Q Okay. Well, let's go through the findings.
A Okay.
Q Somebody at Henry Schein found, number one, the current computerized Suspicious Order Monitoring System is dated and that the risk level is high.
That was one of the findings you reported, correct?

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MS. FINCHER: Object to the form. Mischaracterizes the document.
THE WITNESS: I didn't report that, no. It's in the -- this is -- I added minutes within his report. So, is that what you're asking?
BY MR. MIGLIORI:
Q Maybe that's the question, but --
A Okay. Okay.
Q -- I can actually -- it's helpful to me if that's the distinction you're making. I can go to the very original one and see if it -- let's see.
(Steffanie-Oak Exhibit No. 10 was marked for identification.)
BY MR. MIGLIORI:
Q I show you Exhibit 10.
A (Peruses document.)
Q If this helps you, Exhibit 10 is December 2013, so it's a couple of months earlier, and this is written from Ken Romeo.
Do you see that?
A Yes.
Q To Jeff Peacock, who was your superior, correct -- your supervisor, correct?

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MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q At this point.
A No. I report to Sergio, and Sergio reports to Jeff. I mean ultimately I reported to Jeff.
Q Okay. Fair enough. I'm sorry. I'm sorry.
But -- but he took Mr. DiBello's position at this point, correct?
A Yes.
Q All right. And it's the Regulatory internal assessment of our DEA suspicious order monitoring, "Know Your Customer" systems and procedures. Do you see that?
A Yes.
Q And then it says: "On December 2nd and 3rd, 2013, Ken Romeo, Tina Steffanie-Oak and Sergio Tejeda were on site in the Melville, New York, to complete a DEA compliance assessment of Henry Schein's SOM, 'Know Your Customer' systems and procedures."
Does that refresh your recollection of who was doing the compliance assessment?

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A I know we had meetings about the, yes, audit itself. I don't remember actually carrying out audit functions of this, but --
Q Okay.
A -- based off what Ken had done at his site, what he had looked at, he had reviewed the information with me and Sergio.
Q Okay.
A But I don't recall taking -- actually doing the audit myself.
Q All right. But at least as it represents here --
A Mm-hmm.
Q -- from the 2nd to the 3rd of 2013, you, Ken and Sergio were on site in Melville to complete the DEA compliance assessment, correct?
A Correct.
Q You have no reason to think that's not --
A No.
Q -- true? Okay.
And the purpose of it, the report summarizes the findings of the Regulatory assessment of our suspicious order monitoring,

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"Know Your Customer" internal process and procedures, as well as the computer programs utilized by our Suspicious Order Monitoring System.
So you agree with me, at least in the way it's presented, this was a report of the three of you, correct?
A Yes.
MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q All right. We can go and we'll see the same language that we just found.
The findings of -- from three of you says: "Current computerized Suspicious Order Monitoring System is dated, and that risk level is high."
That was one of the findings, correct?
MS. FINCHER: Object to the form. She's already testified that she wasn't involved in the audit itself.
MR. MIGLIORI: Just form is enough.
THE WITNESS: Yes. This is what it says, yes.
BY MR. MIGLIORI:

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Q And it says, "Risk level is high," and when that -- in terms of risk level high, that's for DEA enforcement, correct?
MS. FINCHER: Objection.
BY MR. MIGLIORI:
Q When you -- when you measure risk in this kind of report, the risk that you're measuring is whether or not this is subject to DEA enforcement, correct?
MS. FINCHER: Object to the form.
THE WITNESS: No. So the "high" here did not mean that we weren't compliant at the time. Is that --
BY MR. MIGLIORI:
Q I'm asking --
A So it would not -- it would not have led to any type of an enforcement action.
Q Okay. When the document talks about risk, if you go to the first page.
A Mm-hmm.
Q It says: "This assessment is a result of a cooperative effort of both Regulatory and Verifications teams who took into account, one, the identification of controlled substances and/or

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specific combinations of controlled substances that might potentially place Schein in a high risk category of distributor -- as a distributor of controlled substances for DEA regulatory actions."
Would you agree with me that the risk that you're measuring is whether or not you're putting Schein in a high risk category as a distributor of controlled substances for DEA regulatory action? That's the risk you're measuring, correct?
MS. FINCHER: Object to the form. Asked and answered.
THE WITNESS: Based on how it's worded in here, I agree, yes.
BY MR. MIGLIORI:
Q Okay. Now, we've gone over a lot of these findings with other people. I just want to talk to you about on page 3.
It says: "Individual account thresholds for controlled substance purchases may be adjusted by Verifications without regulatory and/or appropriate medical guidance, which could result in appropriate product release." And the risk here again is high.

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And it says: "A, decision makers in the Verifications department lack the medical training and qualifications to release controlled substances without regulatory/medical guidance in some instances."
Was that one of the findings that your group had in this particular audit in December of 2013?
MS. FINCHER: Object to the form.
THE WITNESS: Yes.
BY MR. MIGLIORI:
Q You say: "In fairness, they are doing the best they can with the limited training that they have received, and many of our Verifications colleagues are new to the particular position of decision makers."
So you're identifying that it's a problem, but they're trying.
MS. FINCHER: Object to --
BY MR. MIGLIORI:
Q Fair enough?
MS. FINCHER: Object to the form. Again, she's already testified she's not the one who drafted these portions.

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MR. MIGLIORI: Please just limit to form.
THE WITNESS: I wouldn't refer to it as --
MR. MIGLIORI: That's coaching. We just got Cohen involved with these, okay? I'm not a guy that usually cares, but that's way too much.
MS. FINCHER: I'll do what I need to do to protect the record.
MR. MIGLIORI: And we'll call Cohen if we have to. He gave a number of eight words at most. If you have form -- form, if you want to say "asked and answered," that's fine. Please no coaching.
MS. FINCHER: I'll continue to do what I need to do to protect the record.
MR. MIGLIORI: And then we'll call Cohen. All right?
MR. McDONALD: Don, just ask the question.
MR. MIGLIORI: No, no, I just -- I want some acknowledgment. I appreciate what you're doing, but it's coaching.
MS. FINCHER: I -- I respectfully

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disagree with you.
BY MR. MIGLIORI:
Q So one of the opportunities that your group found was "To provide Verifications personnel with additional medical and dental training geared towards a recognition of common drug utilization and prescribing habits of clinical physicians, dentists and institutional accounts."
One of the -- the opportunities or recommendations from your group was to come out and say, We should train them better. Correct?
MS. FINCHER: Object to the form.
THE WITNESS: Yes. To provide additional training would be beneficial, yes.
BY MR. MIGLIORI:
Q All right. I'm not going to make you go through all of them because, again, we've done this with a bunch of other people.
And so the overall recommendations on page 7, in the short term, enhanced communications with the Verifications department.
Did you believe at the end of 2013 that it was important that Regulatory and Verifications

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have better interaction?
A Yes.
Q At the end of 2013, another recommendation was to provide additional medical training to Verification medical -- Verifications decision makers.
That was one of your conclusions and recommendations, correct?
MS. FINCHER: Object to the form.
THE WITNESS: Yes.
BY MR. MIGLIORI:
Q And the third was to provide additional training relative to account due diligence techniques.
That is, you recommended at the end of this two-day assessment that more training was needed for account due diligence techniques, correct?
MS. FINCHER: Object to the form.
THE WITNESS: I'm not sure specifically what that one referred to. I'm not sure if that was -- I'm sorry. I can't find where is -- what page was it on?
BY MR. MIGLIORI:

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Q Sure. I'll find it in a minute.
If you go to No. 6 -- I'm sorry, I didn't --
A 246?
Q -- I didn't show it to you. Number 6 on page 5, paragraph 6.
A Paragraph 6. Okay.
Q It says: "Additional justification letters should be reviewed by management." It says the risk level there is low.
And it says: "The potential additional justification letters allow medical specialists input into the decision-making process, and mitigates the long-term risk for Schein and better compliance with our obligations to the Code of Federal Regulations and the DEA."
Do you see that?
A Yes.
Q All right. And so that is a technique for better due diligence, correct?
A Okay. Yes. Yes.
Q So we don't need to go back to this original one since I think they're the same.
MS. FINCHER: Don, I'll just point out

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it's almost noon. So I'm not sure when you wanted to take a lunch break.
MR. MIGLIORI: Why don't we go off the record for a second and talk about that.
THE VIDEOGRAPHER: 11:55. We're off the video record.
(Lunch recess.)
THE VIDEOGRAPHER: 12:29, we're on the video record.
(Steffanie-Oak Exhibit No. 11 was marked for identification.)
BY MR. MIGLIORI:
Q Okay. I'll show you Exhibit 11.
Exhibit 11 has a date of November 27, 2013. It's a PowerPoint presentation with -- that bears your name on it. It says "Individual Opportunity/Issue, Presented by Tina Steffanie-Oak."
Did you review this in preparation for today?
A I do remember seeing it yesterday.
Q Okay. And is this something you prepared?
A Yes.

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Q Okay. On the second page, it says "Opportunity/Issue." It says: "Are we in substantial compliance with DEA SOM/Know Your Customer regulations?"

And the first bulleted item says: "We do not have Know Your Customer Due Diligence for approximately 60 percent of our customers. Remaining 40 percent has varying degrees of due diligence (files are not consistent)."

First of all, are those your words?

A Yes.

Q And the 60 percent represents files that have no due diligence, correct?

MS. FINCHER: Object to the form.

THE WITNESS: I don't recall specifically if some files may have had something. I can't say with certainty.

BY MR. MIGLIORI:

Q Okay. The second part says: "Remaining 40 percent has varying degrees of due diligence."

So at least in the 40 percent, there is some information. It doesn't say it all, correct?

A Based -- based on improvements that we made to the process, we had added different types

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of documents, so that's where the consistency comes from. So what the requirements were as of that day, they may not have had or been in that same format that was required.

Q Okay. Well, there's a lot of "mays" in -- I want to -- I want to understand, first of all, what you know, and then -- or can recall, and then we'll get into what might explain some things.

You'll agree with me that, at least for this PowerPoint presentation that Henry Schein produced to us, it says that: "We," Henry Schein, "do not have Know Your Customer Due Diligence for approximately 60 percent of our customers."

That's a statement that you wrote, correct?

A Correct.

Q All right. And then on the remaining 40 percent, there were varying degrees of due diligence, the files were not consistent.

Those were your words, correct?

A Correct.

Q You would agree that incomplete files, whatever percentage that may be, is noncompliance

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with DEA regulations, correct?

MS. FINCHER: Object to the form.

THE WITNESS: No.

BY MR. MIGLIORI:

Q You would agree that if a file had no information on it for a customer, that would be noncompliance with DEA regulations, correct?

MS. FINCHER: Object to the form.

THE WITNESS: Correct.

BY MR. MIGLIORI:

Q All right. It says: "What we do not" -- what -- "So what we do know from other Distributor DEA Civil Actions and recent DEA-sponsored conferences: The fact that the customer has a 'Valid DEA Registration" is not enough due diligence to 'Know Your Customer.'"

So the emphasis on "not enough," that is your emphasis, correct?

A From what I recall putting this together, I did take a lot of this information directly out of the presentation that was prepared. So I can't say for certainty that that was my emphasis. I believe that's what I took out of the presentation.

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Q But -- but you would certainly agree that only relying on a DEA registration is not compliance with DEA due diligence requirements, correct?

A Correct.

Q Under "Opportunity/issues, continued," there are some statements. It says: "Statements made by James Arnold, Unit Chief, Regulatory Unit, DEA headquarters, at industry conference regarding suspicious order monitoring."

Did you attend that particular conference?

A Yes.

Q And you recall Unit Chief James Arnold giving these examples?

A Yes.

Q All right. And so you would have culled these examples for this presentation. That is, these are what you heard and observed from the conference?

A This is what I took out of his presentation, correct, and I heard him, yes.

Q Okay. So one of the things that you took from James Arnold's presentation was, "Do

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what you are supposed to do and we won't have a problem."
What did that mean?
MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q To your understanding.
A At the time I felt as though they weren't giving us enough information. I mean, "Do what you're supposed to do." We were there as industry asking, What are our obligations? What are -- how -- how do we go about implementing this in a compliant way? So to me it had no meaning. I kind of -- to me it came across as arrogant, quite honestly.
Q Okay. You understand under the CF -- CSA and the DEA regulations, the obligation to design a system was that of the supplier, that of Henry Schein, correct?
A Yes.
MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q And you understand that under the regulations, that DEA headquarters and field offices were not allowed to tell you whether your

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system was compliant, correct?
MS. FINCHER: Object to the form.
THE WITNESS: Correct.
BY MR. MIGLIORI:
Q All right. It says: "All you need to do is identify and report. It's that simple."
Was that one of the things you took out of his presentation?
A Yes.
Q And you understand that the importance of identifying suspicious orders and reporting them was towards the end of preventing misuse, abuse and diversion?
A Yes.
Q "Legitimate medical need is key."
Do you understand that to mean that -- that part of the closed system and the distributor's obligations under the closed system to prevent diversion was so that folks who actually needed controlled substances wouldn't be interfered with getting them?
MS. FINCHER: Object to the form.
THE WITNESS: Yes.
BY MR. MIGLIORI:

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Q "Volume will tell you a lot about the customer."
You'll agree that -- that large volumes of orders of controlled substances is a red flag for potential suspicious orders, correct?
MS. FINCHER: Object to the form.
THE WITNESS: Generally speaking, yes.
BY MR. MIGLIORI:
Q You understood that Mr. Arnold was telling suppliers, distributors, "you should know what is suspicious more than DEA would know because you see the numbers and deal with the customers every day."
Was that one of the message -- messages that Mr. Arnold was trying to deliver to companies like Henry Schein?
A Yes, that was the message.
Q It says: "Unacceptable excuses for failure to report a suspicious order, according to DEA, included, 'They had a valid DEA registration.'"
We've already accepted that just having a valid DEA registration is not due diligence, correct?

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A Correct.
Q "We are only a link, one link in the supply chain."
Claiming that you are only one part of the supply chain is not a sufficient excuse for not reporting suspicious orders, correct?
MS. FINCHER: Object to the form.
THE WITNESS: That was the statement that the -- made by the DEA. Not knowing where other drugs are coming from is problematic to a distributor, because if you're selling only one bottle, and they're getting 500 from someone else, your bottle of 100 is not going to appear suspicious. So...
BY MR. MIGLIORI:
Q And one of the recommendations that your audit team actually came up with was that you actually request prescribing histories of your new customers for that purpose, right?
MS. FINCHER: Object to the form.
THE WITNESS: Yes. Not always provided, though, it wasn't.
BY MR. MIGLIORI:
Q Fair enough.

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But you understood the importance that whatever you're providing, that is, whatever Henry Schein was providing to a customer for controlled substances, could actually be indicative of an even bigger concern because that customer could also be ordering from other suppliers, correct?
A Yes.
MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q And that -- that was known to you at the time, right?
MS. FINCHER: Object to the form.
THE WITNESS: Yes.
BY MR. MIGLIORI:
Q And part of knowing your customer is understanding and appreciating the prescribing habits of that customer, correct?
A Correct.
Q Mr. Arnold also said: "It wasn't acceptable to say that we," Henry Schein, "can't look at every customer order."
Did you appreciate that in 2013 that -- that it wasn't acceptable to simply say, It's too much work to look at all of our customers' orders?

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MS. FINCHER: Object to the form.
THE WITNESS: Yes. These are comments I guess they've heard from industry, not from me, so I -- yeah.
BY MR. MIGLIORI:
Q And they're quoted.
A Yes, yes.
Q I'm not saying you said this.
A Yes.
Q But you took from his presentation that the DEA expected of suppliers that they not use as an excuse --
A Right.
Q -- that there's no way they could look at every one of their customers' orders. You understood that, correct?
A Yes.
Q All right. DEA was also telling distributors that it wasn't an acceptable excuse to say that, We are not responsible for what a customer does with the drugs.
That's not an acceptable excuse for misuse, abuse or diversion, correct?
MS. FINCHER: Object to the form.

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THE WITNESS: Yes.
BY MR. MIGLIORI:
Q And then the last example that you put down from his presentation, Mr. Arnold's presentation, was that: "DEA would not find it to be an acceptable excuse to say, As a distributor, I'm not a doctor or pharmacist."
That's what they said in this presentation, correct?
A Yes.
Q That is, you just -- it's not sufficient to just blame the doctor or pharmacist for diversion, correct?
MS. FINCHER: Object to the form.
THE WITNESS: I don't think that's how it was interpreted. I think it was saying, As a distributor, we're not a doctor or pharmacist to understand how the drugs are going to be used.
BY MR. MIGLIORI:
Q Right.
A Not to point to the doctor and say it's the doctor's responsibility.
Q Right. Okay. Fair enough.
Then you put together a slide that says

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"Potential Risks to Henry Schein." And you raise the question: "How vulnerable are we to potential DEA Regulatory action by not having complete due diligence on all customers purchasing controlled substances?"
So you -- you raise the question of -- of vulnerability because the due diligence files are incomplete, correct?
A Correct.
Q And then your bullet point is that: "DEA has stated: One, a pattern of drugs being distributed to practitioners or pharmacies who are diverting demonstrates a lack of effective controls against diversion by the distributor."
So you at least recognized from this presentation of Mr. Arnold that diversion in the field is actually evidence of a lack of effective controls by the distributor. Correct?
MS. FINCHER: Object to the form.
THE WITNESS: Yes.
MS. FINCHER: Mischaracterizes the document.
BY MR. MIGLIORI:
Q Go ahead.

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A Yes, I understood that that's how they interpreted it, yes.
Q "The distributor registration could be revoked under public interest grounds."
And you understood that one of the consequences of diversion is that Henry Schein could lose its DEA registration, correct?
A Yes.
MS. FINCHER: Object to form.
BY MR. MIGLIORI:
Q You also put from this presentation that: "Any distributor who is selling drugs that are being dispensed outside the course of professional practice must stop immediately."
So that is one of the takeaways from Mr. Arnold's presentation, correct?
A Yes.
Q So in your -- in your supply chain when you're dispensing to a physician, and you learn that that physician is self-medicating, under this observation, it's clear that the DEA's expectation is that Henry Schein stop sending controlled substances to that physician immediately, correct?
MS. FINCHER: Object to the form.

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THE WITNESS: I'm not -- I mean, we didn't ship to someone who indicated they were self-medicating, so --
BY MR. MIGLIORI:
Q Yes. Let me -- let me explain what -- it's a hypothetical.
A Okay.
Q Okay. So if a physician is self-medicating, and it comes to the attention of Henry Schein, under this observation that you've made here from Mr. Arnold's presentation, it's clear that the DEA expects that Henry Schein stop all orders being shipped to that physician who is using them outside the course of the intended use. Correct?
MS. FINCHER: Object to the form.
THE WITNESS: Correct. Excuse me.
BY MR. MIGLIORI:
Q Between the objection and the cough, I just want to make sure --
A I'm sorry. Yes.
Q -- that's -- that's correct.
A Yes, it is.
Q Okay. And then finally you write, as a

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potential Regulatory action, your third bullet point says: "DEA cannot guarantee that past failure to maintain effective controls against diversion will not result in actions against the distributor."
Did you understand coming out of this presentation by Mr. Arnold that the past failures to prevent diversion in Henry Schein, to the extent that they existed, continued to be risk of future DEA enforcement?
MS. FINCHER: Object to the form.
THE WITNESS: Yes.
BY MR. MIGLIORI:
Q Okay. And then you list the different types of DEA actions. You write a letter of admonition and immediate suspicion order, memorandum of agreement, administrative hearing, surrender for cause, order to show cause, revocation of registration and fines.
Did you pull those types of DEA actions out of the presentation?
A Yes.
Q And so those are the types of actions that the DEA could take for failing -- for Henry

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Schein's potential failure to comply with DEA regulations for controlled substances, correct?
A I'm sorry, can you repeat that?
Q Yeah. So these -- these potential actions are the potential ramifications if Henry Schein were to be found to have been noncompliant with DEA regulations, correct?
A Correct.
MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q And that would include failures to maintain proper due diligence, correct, potentially?
A Potentially, yes.
Q So, again, this is dated November 27th, 2013. One of the solutions you posit is: "Develop and execute a plan to obtain due diligence on all active customers purchasing controlled substances within a reasonable time frame."
We discussed the 27,000 customer backlog. Do you recall in November of 2013 the need to develop and execute a plan to catch up on those customer files that did not have due

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diligence?
A Yes.
Q And the last point says: "Additional Regulatory resources are needed to prepare, review and complete customer due diligence."
Was that the need to hire more people in order to catch up on the backlog?
A Yes, additional resources were needed, correct, to complete the due diligence. Yes.
Q And so that's going into the beginning of 2014. That is, the need to come up with this plan, to execute on it, and to get Schein in compliance with its due diligence requirements, and that's the state of affairs as of the end of 2013, correct?
MS. FINCHER: Object to the form.
THE WITNESS: 2014, you said, right? Was it '14 or '13."
BY MR. MIGLIORI:
Q The end of 2013 was that document.
A Okay. Yes.
(Steffanie-Oak Exhibit No. 12 was marked for identification.)
BY MR. MIGLIORI:

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Q All right. I'm going to show you, hopefully quickly, Exhibit 12. This is your 2013 performance report.
A Oh, sorry.
Q Do you recognize this to be your performance report from 2013?
A Yes.
Q All right. I'm just going to, again, bring you to this box on the top of the second page. There are a couple of things here that I wanted to follow up with you on.
So your -- was it Sergio Tejeda that provided your performance appraisals?
A Yes.
Q It said you had another full year of challenges, but one that you managed to the end in a positive way. "Tina shows she is a strong manager and successfully completed/managed the following major goals/projects."
And I wanted to bring you to -- well, let's do the first one.
It says: "Partnered with IS." That's the information systems department, correct?
A Correct.

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Q What's PDM?
A Product -- product data management.
Q Okay. And IM and marketing. What's IM?
A Oh, God.
Q Information management? It's okay if you don't remember.
A Yeah, I don't remember. Sorry.
Q All right. "To address List 1 chemical recordkeeping issues identified in the DEA letter of admonition issued to our Indy distribution center."
First of all, what is a List 1 chemical recordkeeping issue?
A I don't recall specifically what the issue was. So List 1 chemicals, they had iodine. Excuse me. We also had pseudoephedrine and ephedrine, but they were actually regulated under our controlled substance license and not the List 1 chemical. So it was only iodine that we had.
Q Are you familiar with what's called Ingredient Limit Reports?
A Vaguely. I know we didn't have to file

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any.
Q And that follows my question, did you file any to your knowledge?
A No.
Q All right. List 1 chemical recordkeeping, as you understand it represented here, is not related to controlled substances?
A This specific issue was -- no, it was related only to List 1 chemical. It wasn't -- I don't remember specifically what the reporting issue was, but it was only for the List 1. It did not impact controlled substances.
Q Okay. And so -- but the Indy distribution center is the only center that had controlled substances, correct?
A No. I'm sorry. They all had controlled substances, and they all had List 1 -- they all had iodine, so like povidone basically.
Q So I want to make sure I understand because I think you said to me before that for Ohio anyway, controlled substances would have -- or Schedule II drugs would have come out of Indy only.
A Correct.

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Q All right. Your understanding of this List 1 chemical recordkeeping issue that caused the DEA to write a letter of admonition, that had nothing to do with the Indianapolis's -- Indianapolis control -- distribution center's controlled substances, correct?
A Correct.
Q All right. So it said: "Continued to coach and work closely with her team to continue to develop and educate them on DEA requirements."
So you continued to train and -- and develop your own team on those issues, correct?
A Correct.
Q "Attended several industry conferences to ensure they keep up to date on the DEA's area of focus and new trends."
So you stayed current with industry conferences, correct?
A Correct.
Q It says: "Conducted a 1 -- conducted 103 DEA customer site visits and completed over 500 due diligence reviews."
So that was your contribution to the backlog process, correct?

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MS. FINCHER: Object to the form.
THE WITNESS: It could be current customers and accounts that they were collecting due diligence from, just for accounts that needed to be escalated to Regulatory for a second review.
BY MR. MIGLIORI:
Q Okay. So for you to get a review -- to do a review, it would have been something that Verifications has said, We need to escalate this up to Regulatory, correct?
A Correct.
Q All right. And then it says: "Provided DEA suspicious order monitoring and 'Know Your Customer' related training to our sales team by participating in several medical regional sales meetings and developing content for an online training module that will be rolled out by the second quarter of 2014."
Tell me what you did with the sales force at Henry Schein.
A There was one specific sales meeting where Shaun and I did a presentation to the medical sales reps -- excuse me -- explaining what this sort of monitoring was, "Know Your Customer"

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process, explain what it is, why we do it, and how they need to help educate their customers as well on what information that we need.
Then there was a second show again for the medical sales where we had a table set up, where we would share our "Know Your Customer" forms and speak one on one with the sales reps to, again, educate them on the process and why we're doing what we're doing, and why it's so important.
Q Did the sales force have any role in your suspicious order monitoring/"Know Your Customer" process at this time?
A Only as far as just educating the customer on the forms that they're going to need to fill out and why we need their cooperation in providing the data that we're asking for.
Q It would be inappropriate for a salesperson to tell customers how to fill out the form, correct?
MS. FINCHER: Object to the form.
THE WITNESS: Correct.
BY MR. MIGLIORI:
Q And that is, and to provide answers that would generate the least amount of scrutiny,

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correct?
MS. FINCHER: Object to the form.
THE WITNESS: Correct.
BY MR. MIGLIORI:
Q And -- and what kind of training materials had you used for the sales teams? Was it -- it says "online training module." Where -- where was that housed?
A It was -- I can't remember the name of the computer system. It was -- it's a -- it's an online training software that all the sales reps have access to, so they use it for multiple types of medical type training.
So my team, we created a specific module, again to explain what "Know Your Customer" is, why we do it, why it's important, how to help educate the customer, and why they need to cooperate. You know, we showed some -- some of the previous companies that had been fined to try to show the importance of what could happen if we don't, you know, comply with the --
Q Was the prior exhibit, No. 11, part of that module? Is that one of the things that you would have shown the sales force?

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A Exhibit 11?
Q Your PowerPoint presentation.
A No.
Q Okay. Was -- was that online module something that continued -- you continued to use right through the time of your resignation?
A Yes.
Q And you don't know what system that that module was housed on?
A I -- I can't remember the name of it.
Q The --
A It was controlled through the medical education team.
Q And it was content that you put together for "Know Your Customer" obligations for the benefit of the sales force at Henry Schein?
A Correct.
Q And we've had a lot of testimony about JD Edwards. I think it was called JD Edwards --
A Mm-hmm, yes.
Q -- platform. Would it have been housed there?
A No.
Q Was it something that they could print

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out if they needed to print it out as a resource?
A No. No.
(Steffanie-Oak Exhibit No. 13 was marked for identification.)
BY MR. MIGLIORI:
Q Exhibit 13 is called the "DEA Compliance Updated -- Compliance Update" dated May 12th, 2014. It's issued by Kathy Reid, and you're listed as one of the attendees.
Who's Kathy Reid at this point?
A She was a Regulatory specialist that reported to me.
Q Okay. So it's a "First meeting of DEA team for ongoing monthly meetings to provide updates and discuss issues, constraints, what we should be reporting, how to measure, how to report."
Do you recall in May of 2014 starting a monthly meeting for updates and issues among your team in Regulatory?
A Yes.
Q And were minutes taken of these monthly meetings?
A Most likely, yes. Kathy Reid was

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responsible for minutes.
Q Okay. And so is she still there, to your knowledge?
A Yes.
Q And so she would have maintained the minutes and would have reported -- like this document, would have reported the various issues discussed, correct?
A I believe so, yes.
Q All right. Under "Training" -- well, it says: "Tina and Ken recently conducted a thorough audit. System improvements were initiated involving reprogramming additional costs. We need to define metrics to meet company Regulatory team goals. Provide monthly reporting to senior management."
So did -- did you and Ken Romeo work together to come up with sort of a metric for regular reporting out to senior management?
A I don't remember -- I don't recall specifically what this statement refers to. I'm not sure if there's something further down in the body of the --
Q Well, we can look through it. But

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you -- you -- at least according to this document, you began a process where your group would be reporting out on a monthly basis to your senior management, correct?
A Yes.
MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q Under "Training," it says: "Ken has been listed as the primary for developing professional training materials for the DEA team, Regulatory team, Verifications new team members. It was suggested that Verifications provide a recommendation versus just sending accounts over for Regulatory review."
Do you recall there being a process by which it was recommended that Verifications actually make a recommendation about whether to release a pended order before passing to regular- -- before escalating it to Regulatory?
MS. FINCHER: Object to the form, mischaracterizes the testimony.
THE WITNESS: I'm sorry, your question -- it doesn't have -- that's not the meaning of this statement, so...

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BY MR. MIGLIORI:
Q Oh, it's not?
A It's not, no.
Q So what does it mean?
A So when an account was escalated from Verifications to Regulatory for -- for a request to review, in the past Verifications would provide an e-mail with -- not necessarily giving their recommendation on -- or a write-up of the account.
So what we did was we instituted a similar process that Regulatory had where they had a report form that they filled out and kind of summarized all the information, and then indicated in there we're -- we're giving it over to Regulatory for these reasons. It was more like a summary for Regulatory so that we didn't have to go trying to dig through and figure out why did it came to us. What was the concern? Why are you sending it to us? So that's what that meant there.
Q Okay. So if you go to the next page in the first full paragraph, it talks about: "It was discussed that although Verifications provides background information for the S1 reviews

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forwarded to Regulatory, 90 percent of the final reviews contained additional information from Regulatory, the additional research, phone interviews with doctors and/or facilities and site visits when necessary."
Was that type of due diligence that -- the responsibility of Regulatory? That is, the phone interviews, additional internet research, site visits, is that in part the nature of escalating it to Regulatory?
A Well, I don't agree that -- I don't agree that 90 percent of them that came had that much additional information. As far as conducting phone interviews, that was typically the responsibility of Regulatory to do that.
Q Okay. And then it says that there's a dramatic difference between Regulatory review and Verifications. It says: "Ken reviews from the MD level."
Was Ken a physician?
A He was a -- he had a medical license but hadn't practiced.
Q Okay. To your knowledge, is that the only one -- the only person in Verifications or

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Regulatory that had a medical license?
A Yes.
Q "It's also noted that Regulatory due diligence report may be viewed by the DEA if they investigate the account. Currently Regulatory only receives 20 percent of pended orders for further review. Verification reviews the other 80 percent to determine if the system pended orders unnecessarily or a physician is self-medicating. Restriction letters are sent by them."
So is that consistent with your recollection that 80 percent of the due diligence was handled at the Verifications level?
MS. FINCHER: Object to the form.
THE WITNESS: Correct, because new customers would pend, so that was a large amount of the pends were new customers. So they were able to review those.
Additionally, if there was an existing account and they ordered a new active ingredient, that order would pend. So it may not be suspicious. It may be a drug that's commonly used within that practice, but they had not yet

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purchased it from us. So that would pend. So based off of the information that they had, they were able to clear those orders without escalating it to Regulatory.
BY MR. MIGLIORI:
Q So about 80 percent of the pended orders were managed or cleared or otherwise handled by Verifications, 20 percent was handled by your department. Correct?
A Correct.
Q And the only MD was in Regulatory, not in Verifications, correct?
A Correct.
Q And what does it mean if a physician is self-medicating, restriction letters are sent by them?
A Henry Schein had a policy that if the doctor indicated on their "Know Your Customer" form that they were ordering the drugs for their own use, we would restrict them. So those accounts did not have to go to Regulatory to -- for us to agree that they were self-medicating.
So Verifications had the authority to go ahead and restrict those accounts based off of the

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information provided by the doctors.
Q And in that context, does "restrict" mean they got nothing, no controlled substances after that or --
A Correct.
Q Go ahead.
A Correct.
Q Okay. And you would agree with me that a physician self-medicating is on its face a suspicious order, correct?
MS. FINCHER: Object to the form.
THE WITNESS: I would say that, in many cases, what we ended up finding out was that the doctor had a valid prescription from his own doctor, and he was just thinking that he could just fill it out of his own supply.
BY MR. MIGLIORI:
Q Would that --
A So --
Q Sorry, I didn't mean to interrupt you.
A That's okay.
Q Would that be enough to release the prescription, if he had a valid --
A No, it wouldn't. We would explain to

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them that they're acting as a pharmacy, and they're not licensed as a pharmacy. And we found a lot of doctors didn't realize that they couldn't do that, because it's not like they were writing their own prescription and taking the drugs.
Q So if a doctor were deemed or determined to be self-medicating, and a restriction letter went out, would a suspicious order be reported to the DEA field office or headquarters?
A If there was an open order at the time, it would be reported as suspicious, correct.
Q Okay. And failure to report a suspicious order if there was an open order at the time would be noncompliant with the DEA regulations as you understood them, correct?
MS. FINCHER: Object to the form.
THE WITNESS: If -- yes, if there was an open order and it was deemed to be suspicious, yes.
(Steffanie-Oak Exhibit No. 14 was marked for identification.)
BY MR. MIGLIORI:
Q Okay. We'll quickly do your '14 appraisal, just to get a couple more little

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projects.
2014, it's Exhibit No. 14. It's your performance appraisal. Again, it's by Sergio Tejeda on the second page.
And it talks about how -- "Tina has developed a strong DEA compliance team, and is now recognized in the company as a source for information on DEA matters."
So from the end of 2012 to the end of 2014, in those two years, would you agree with Mr. Tejeda's observation at this point in time, the end of 2014, that you are the source of information on DEA matters?
MS. FINCHER: Object to the form.
THE WITNESS: Yes. And this is in the context again for distribution center compliance, correct.
BY MR. MIGLIORI:
Q And more so --
A Working with sites.
Q I'm sorry. I didn't mean to interrupt.
A That's okay.
Q And more so on the side of due diligence than on suspicious order monitoring for that

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component of compliance, correct?
A Correct.
Q It says: "She continues to develop positive relationships with Verifications, Operations, Sales, IT and Marketing teams, as well as our JVs."
That's joint ventures, correct?
A Correct.
Q "She also built important relationships with regulators and other industry players, which allow her to go to the source on matters affecting the company and stay on top of new requirements. Tina had a great year and successfully completed/ managed the following programs."
It says: "Successful implementation of the tramadol and hydrocodone federal rescheduling."
Did you change over all of Henry Schein's handling of tramadol and hydrocodone as controlled -- Schedule II controlled substances?
A Hydrocodone was a Schedule II. Tramadol was an Rx that went to a schedule, but it wasn't a II, I don't think.
Q Okay.

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A I think it might have been a III. So I was part of a project team.
Q Okay. It says: "Developed and implemented a medical-based training program for the Regulatory and Verifications teams."
So is this the medical training that your group found to be needed in the SOM/Know Your Customer internal audits?
MS. FINCHER: Object to the form.
THE WITNESS: I'm sorry. I can't remember if it was the same year as -- as the audit.
BY MR. MIGLIORI:
Q It was December of 2013 that the audit came out, and this is a '14 audit. Remember it was December 2nd and 3rd of 2013?
A It may have been part of it, because this was also a larger base training that was rolled out to the entire Regulatory team --
Q Okay.
A -- not just the DEA group. So it was a combination.
Q Was that online as well?
A No. This was a presentation, personal

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presentation by Ken.
Q Were they PowerPoints?
A Yeah, I believe so, yes.
Q So they should exist somewhere. Did you use those through 2016 when you left the company?
A No. These -- again, they were done by Ken, so they were -- there was -- some of the content was very medical driven, so -- and he was a very visual person, so sometimes it would just be a picture --
Q Okay.
A -- and he would speak to the picture. So a lot of it afterwards, it -- it wasn't something I could do or reuse or --
Q Got you. So as the only person with a medical license, he gave a medical-based presentation?
A (The witness nods.)
Q But here it says that you at least helped to develop and implement that.
A Yes.
Q Okay. It says: "Implemented the DEA SOM/Know Your Customer FSC training module."
What's that?

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A That's the online module we were talking about earlier, so it's the field sales consultants.
Q Okay. So -- so it was at least here in 2014 that that was implemented?
A Yes.
Q "He developed the DEA Controlled Substances Act suspicious order monitoring/Know Your Customer training module."
Is that the same or is that something different?
A I don't --
Q This one seems to add the Controlled Substances Act as a component.
A Mm-hmm. I don't recall specifically what -- what that was.
Q When it says "training module," does that suggest that it's an online-based training?
A Typically, yes.
Q And would that be housed in the same place with your other trainings that we discussed so far, whatever electronic format, platform that is?
A Most likely, but I -- I'm not -- I'm not

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sure. Because I -- I think there were two different training modules they used, one for sales and one internal. So I'm not --
Q Was that --
A I'm sorry. I don't -- I don't recall.
Q Okay. Was that module in effect when you left in 2015?
MS. FINCHER: Object to the form.
THE WITNESS: The sales training module was. I remember that. I don't recall what this other --
BY MR. MIGLIORI:
Q Okay.
A Because here it's saying something was developed. So I -- I'm not sure if it was ever implemented or not.
(Steffanie-Oak Exhibit No. 15 was marked for identification.)
BY MR. MIGLIORI:
Q This is Exhibit No. 15.
Again, the highlights are my notes, not yours.
This is an e-mail exchange, February of 2015. It talks about -- it's an exchange between

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you at the bottom and others. And asks that Dr. Spendal -- do you recall Dr. Spendal?
A No.
Q It says: "Bev Butcher, senior Regulatory specialist, DEA compliance, in the Indianapolis, Indiana" --
I assume that that's the controlled substances Schedule II distribution center?
A It has all schedules.
Q Okay.
A But it is the only one for IIs.
Q So this is talking about how Dr. Spendal is restricted from the controlled substances, and the report has been placed on the M-drive.
First of all, what report would that be?
A Her site visit report.
Q Okay. So Bev would have done a site visit herself or somebody under her?
A She did it.
Q Okay. And the M-drive is what?
A That's the shared Regulatory -- well, the M-drive is a shared drive within the company, and then there are folders that each department will use on the shared drive.

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Q Is that where you would have kept your PowerPoint presentations and your trainings?
A Possibly.
Q So were you --
A Or --
Q I'm sorry.
A Sorry. I can't say for sure that they all would have been copied onto the shared drive. Some may be on someone's C-drive.
Q Would monthly minutes of those Regulatory meetings be shared on that M-drive too?
MS. FINCHER: Object to the form.
THE WITNESS: I'm not sure --
BY MR. MIGLIORI:
Q Okay.
A -- whether -- where Kathy kept them.
Q So then you write back and say: "He," referring to Dr. Spendal, "has a current open order and will need to be reported to the DEA. Thanks."
And so with a pended order -- is pended order the same in this context as a current open field order, meaning --
A In this --

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Q -- unfilled order?
A -- context, yes.
Q Okay. So presumably, once she did the site visit and she determined that he should be restricted, you indicated that the open order should not be filled and that he would need to be reported to the DEA, correct? That's --
A That's what -- yes, that's what I stated.
Q Okay. And then if you go up to the top, you, I guess, learned from Shaun that: "The Verifications department," not Regulatory, "accidentally released his hydrocodone order on February 23rd. Please do not send a suspicious order letter to the DEA. Thank you" -- or "thanks."
Do you recall giving instruction to Kathleen Reid not to send out a suspicious order letter to the DEA?
A I -- I don't recall other than looking at this -- this e-mail.
Q Is there -- what possible explanation would there be for you not to send a suspicious order letter to the DEA for an accidentally

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released hydrocodone?
A I have to answer hypothetically without being able to see the complete due diligence file, because I'm not sure if the initial recommendation was to hold all orders until the site visit was completed or was the initial communication to have the site agreement signed.
Q Okay.
A So I don't -- without --
Q Well, for now, I want to ask just what your memory is.
MR. McDONALD: Well, let her finish, please.
THE WITNESS: Sorry, now I've lost my train of thought.
BY MR. MIGLIORI:
Q I'm sorry, I didn't mean to do that.
You were debating between the hypothetical, I think the word was, and I was just simply saying first I'd like to know what your recall is, if you remember this.
A I don't remember specifically. I can just say speaking on what the policy was, there were situations where we would conduct site

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visits, and depending on the reason for the site visit, we may continue to ship until the site visit -- as long as the doctor agreed to the site visit.

Q Okay.

A So I'm not sure, without seeing here what the initial concerns were, what the findings were at the site visit, what the amount he was looking to order -- there are varying circumstances that would lead me to --

Q Okay. Well, let me -- let me just go through it and just -- and then I will ask you a question.

Based on the chronology of this, on February 27th at 12:47 p.m., Beverly Butcher, who reported to you, told you that she did a site visit of Dr. Spendal, and she restricted his ability to purchase controlled substances.

Three minutes later, you responded by saying: "He has a current open order and will need to be reported to the DEA." Correct?

A Correct.

Q And then one hour after that, you found out from Shaun that the "Verifications

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accidentally released his hydrocodone order on 2/23. Please do not send a suspicious order letter to the DEA."

That -- that's the chronology, correct?

A Mm-hmm, yes.

Q All right. You would agree with me that it would not be compliant to withhold a suspicious order report solely because it was accidentally shipped by the Verifications department, correct?

MS. FINCHER: Object to the form.

THE WITNESS: I can't agree to that, because, again, I don't know what the circumstances were. The order was released prior to her determining that it may have been suspicious. Right. The order went out on the 23rd, and she did the site visit on the 27th.

And again, with this particular account or any other account, the reason for the site visit may -- may not have been that there was really something that we thought they may be diverting. So if it was an existing customer, we may have said, Okay, if you agree to the site visit, we're going to continue to ship as long as you're ordering within size, frequency and

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pattern.

So there could have been -- at the point she did the site visit or from when we said they have to have a site visit to when we did it, they were allowed to continue to order, those orders were going out. So it may not have been a situation where we truly said it was suspicious. We may have been shipping.

So I can't agree with the statement that you made because I don't know the circumstances within which this occurred.

BY MR. MIGLIORI:

Q Let's see what we can agree to.

You will agree with me that within the one hour between you saying, Report this to the DEA and don't report this to the DEA, you don't make reference to any of those other potential factors, correct?

A Correct, in the e-mail I do not, but I'm not sure if there were attachments.

Q No, this -- this is how I got it, so I'm not holding anything back.

A Mm-hmm.

Q You'd also agree with me that the

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accidentally released order before the site visit does not in any way change your obligation after the site visit to report it as a suspicious order, correct?

MS. FINCHER: Object to the form.

THE WITNESS: According to the regulations, if there was an open order at the point that it was deemed suspicious, we need to report it. So the order was shipped prior to us deeming that it as suspicious, so at that point in time, there was nothing to report.

BY MR. MIGLIORI:

Q Well, the order says -- isn't it the regulation that you are required to report a suspicious order when discovered? Isn't that the operative language?

MS. FINCHER: Object to the form.

THE WITNESS: Since it was discovered on the 27th, there was no order to discover. I mean, that's -- that's my interpretation of it.

BY MR. MIGLIORI:

Q Let -- I'll ask my question, and then I'll do the follow-up.

A Okay.

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Q Doesn't the regulation say -- and at this point you're, in the company, the person to go to for DEA matters.
Doesn't the regulation say that Henry Schein is obligated to report a suspicious order when discovered? Isn't that what the reg says?
MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q If you need me to show it to you, I will be happy to.
A I -- I can't say for sure. I don't -- I've been out of this for two-and-a-half years, so I don't remember the -- if you want to show it to me again.
Q I will.
(Steffanie-Oak Exhibit No. 16 was marked for identification.)
BY MR. MIGLIORI:
Q Exhibit 16.
Do you recognize this as a portion of the CFR related to controlled substances?
A Yes.
Q It says: "The registrant shall design and operate a system to disclose to the registrant

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suspicious orders of controlled substances. The registrant shall inform the field office of the administration in this area of suspicious orders when discovered by the registrant."
You'll agree with me that the obligation of the registrant is to report suspicious orders when discovered. Correct?
A That's the wording, yes.
Q All right. At least if this e-mail is accurate, you will agree with me that your first reaction at 12:50 was that once it was discovered that this was to be a restricted account, we will need -- it was your view that it needed to be reported to the DEA, correct?
A Correct.
MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q All right. At least the way this is worded, the decision was made -- or the recommendation was made by you not to report it because it had already gone out the door, correct?
A Correct. I -- that's what it looks like, yes, I said to not report it, correct. I don't know all the circumstances again behind it.

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Only reading that, yes.
Q And so -- and only reading that, and that's all I have to look at.
A Mm-hmm.
Q And only reading that, you would agree with me that whether or not the order was filled, once a distributor discovers that an order is suspicious, the regulation has, again shown here in Exhibit 16, is that at that moment of discovery, that's when the order needs to be reported to DEA, correct?
MS. FINCHER: Object to the form. Asked and answered.
THE WITNESS: I still -- I have to say no. The way that I viewed it was that if there was an open order. If we reported a customer as suspicious and there was an order, we only reported that one order. We didn't report -- does that make everything else suspicious that we shipped then? Because we never reported that to the DEA.
BY MR. MIGLIORI:
Q In looking at the provision that I put up here, Exhibit 16, in anywhere in this provision

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does it say, Unless you've already shipped the suspicious order?
MS. FINCHER: Object to the form.
THE WITNESS: I still look at it that the order at the point that it was released had not been deemed suspicious.
BY MR. MIGLIORI:
Q I understand that. I'm not talking about the shipment. I'm talking about the reporting requirement. You understand that there is a shipping requirement and a reporting requirement. Those are independent requirements, correct?
MS. FINCHER: Object to the form.
THE WITNESS: I still feel at that point in time there was nothing to report. I don't know how -- that's all I can say. I don't know how many --
BY MR. MIGLIORI:
Q That's fine. My question is simple, though.
You will agree with me that nothing in this provision says that you don't have to report it if you've already shipped a suspicious order.

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That's not what the regulation says, correct?
MS. FINCHER: Object to the form. Asked and answered.
THE WITNESS: It doesn't mention anything about shipping, correct.
MR. MIGLIORI: I'm going to keep my promise to you of 2:00-ish.
(Steffanie-Oak Exhibit No. 17 was marked for identification.)
BY MR. MIGLIORI:
Q 17. Let me show you Exhibit No. 17.
This is a document called "Henry Schein Inc. Follow-Up Action Report, Suspicious Order Monitoring, Privileged Information, May 19, 2014."
Have you seen this document before?
A It doesn't look familiar to me at this point.
Q All right. I just want to ask you, some of these entries here, do you see where it says "TSO" in the column here under "Responsible TSO"?
A Yes.
Q Okay. Have you seen these follow-up reports in this format before?

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A I don't recall seeing this format before, no.
Q Okay. So under "Recommendations," it says a couple of things here. It says -- the first is: "Observation. Current Suspicious Order Monitoring System appears to utilize a regression formulated statistical mode."
And then it gives a recommendation next to it: "The real issue lies in the fact that our SOM system provides us with only a mirror image."
Do you see that there is a -- an observation, a recommendation, and then somebody assigned to it?
A So this is the same audit report that we looked at earlier.
Q Okay.
A I -- I do -- I believe that this -- there's an internal audit department within Henry Schein, and I think --
Q Got you.
A -- outside of Regulatory, I think that this is their format. So it's the same audit that we did.
Q So this would be the computer system

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printout of what was in the exhibits that we referred to earlier where, on December 2nd and 3rd, you and Ken went out to the Melville plant and did an assessment or the Melville facility.
A Correct. When Regulatory issues a report, it's in a memo format.
Q Okay. All right. So -- and so this is just a follow-up document, correct?
MS. FINCHER: Object to the form, foundation.
BY MR. MIGLIORI:
Q And let -- and I think this may prove the point. I just want to make sure I know what it is before we move on from that.
A It -- there's an internal audit within reg -- I'm sorry, within Henry Schein, they were required to audit certain areas of the company.
Q Right.
A And they used this audit, I guess, to fulfill that requirement, and this is their form. So they were just following to make sure that whatever findings were there, that they were aware of them, and --
Q Okay. So if you look at the second

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page, this -- this makes sense, because it even has the same subparagraphs, I think.
It says: "Decision makers in Verifications department need additional medical-related training and qualifications to release controlled substance orders without Regulatory medical guidance in some instances."
That's -- that's the same observation we saw earlier?
A Correct. So it's not a second audit.
Q Got you.
A It's the exact audit that was done.
Q It's just in a different format.
A Correct.
Q Here it gives a certain recommendation, which is the same. It says, provide the medical training, and it lists the people to follow up.
So here it has Ken Romeo --
Who's SA?
A Shaun Abreu.
Q -- Shaun Abreu, and you are the follow-up people for that process?
A Correct.
Q And then it says that you had completed

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for Verifications and Regulatory this additional training in August of 2014.

Am I reading it correctly?

A Yes.

Q All right. That's helpful. Thank you.

Great, great, great, great. That solves -- saves some time.

Let me see if this is -- because I don't remember this recommendation. If you go to page 5.

So this was an observation: "Current SOM SOPs allowed for existing customers of three times pend release."

But in the observation, it says: "If the diversion of controlled substances is taking place, the corresponding entity or DEA might hold Schein responsible for a lack of due diligence in our internal controls by releasing a controlled substance without documented due diligence. Though it was the finding of the assessment that our current decision makers and underwriting teams have used good sense in this area and that this event may not have occurred in the past, we are vulnerable, nonetheless."

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I don't recall that observation being made before. Do you remember that observation?

MS. FINCHER: Object to the form, foundation.

BY MR. MIGLIORI:

Q Because I don't recall it in the other document.

A I don't remember it, other than looking at it here, no.

Q Okay. So here you'll agree, though, that DEA might hold Schein responsible for a lack of due diligence in its internal controls by releasing controlled substances without a documented due diligence. That is a risk to the company, correct?

MS. FINCHER: Object to the form.

THE WITNESS: Correct.

BY MR. MIGLIORI:

Q And for that, it says, as a recommendation, to actually have -- the due diligence documents provided to Schein should be signed under the penalty of perjury.

Do you know if that ever got implemented?

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A I do believe it did.

Q Okay. And you're one of the people responsible for that. And it says here that that was completed on October 20th of 2014.

Do you believe that that's when it was added to the due diligence letter?

A Yes.

Q Okay. "Tina to review the language with Legal to understand the industry standard."

And then under the second component, it lists you as responsible for -- "Verifications will work with Information Services to establish reporting to identify customers who have purchased high risk AI" --

What's AI?

A Active ingredient.

Q -- "active ingredient and have pended SOMs. Verifications will proactively work with these customers to acquire the necessary due diligence."

Do you recall that being implemented?

A Yes.

Q And was that a -- and after this in -- after May of 2014?

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A Is that the date of the audit report?

Q Yeah, it's on the top of that same page on the top left corner.

A Oh.

MS. FINCHER: Object to the form.

BY MR. MIGLIORI:

Q It says, "Verifications will work with IS."

A I don't remember the exact date because they put this in a format months -- months after we did the audit. So...

Q Right. Well, if you look above with the orders, it said "completed." On this one it says "Tentative." "Will continue to support recommended" --

A Okay.

Q So that's not yet completed, right?

MS. FINCHER: Object to the form.

BY MR. MIGLIORI:

Q As you read this.

A As I read this, yes.

Q Yeah. It also says: "Verifications is working with a summer intern to review these customers, and will work on quantifying the number

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of customers requiring due diligence."
As of May of 2014, were you still in the process of trying to understand the number of files that were not complete for purposes of DEA due diligence?
A I don't recall specifically. But, again, this is where we had initially removed the DEA from all those customers, so they could not continue to order or ship anything.
Q Okay. Go to page 7, please.
So -- so as you see it, this is sort of an internal tracking system for the internal audit observations and recommendations. Is that a way for me to look at this document?
A Yes.
Q Okay. Thanks.
(Steffanie-Oak Exhibit No. 18 was marked for identification.)
BY MR. MIGLIORI:
Q Exhibit 18. This is your last completed appraisal. I'm only going to ask you about one issue on this one.
A Thanks. Oh.
Q This is your 2015 appraisal. If you go

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to the second page, there's a reference to how you -- on the fourth bullet point, it says: "You worked closely with Cardinal and partnered with Verifications to ensure that 'Know Your Customer' due diligence was completed on customers who would be purchasing controlled substances and to make sure this was completed by the go live integration due date."
A Oh, sorry. The last one. I couldn't follow where you were. Sorry.
(Peruses document.) Yes. Okay.
Q Tell me, is this Cardinal Health?
A Yes.
Q A competitor, a supplier, distributor?
A There was an acquisition by Henry Schein of the Ambulatory Surgery Center accounts --
Q Okay.
A -- by Henry Schein.
Q Okay. So Henry Schein purchased a portion of Cardinal Health's distribution business as it related to ambulatory care centers?
A Correct.
Q And was that nationwide?
MS. FINCHER: Object to the form.

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THE WITNESS: I believe, as you asked, yeah, I -- I don't recall the exact contractual territories. But --
BY MR. MIGLIORI:
Q But based on your recollection, at least it would have included Ohio?
A Yes.
Q Okay. And then it says that you partnered with Verifications to ensure that "Know Your Customer" due diligence was completed on customers who would be purchasing controlled substances.
And so these would be the Cardinal customers that had come over now through this acquisition to Schein?
A Correct.
Q And "make sure that this was completed by the go-live integration due date." So go-live integration would be the total integration of this division of Cardinal into Henry Schein?
A Correct.
MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q Okay. I didn't know about any of that.

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Very helpful.
(Steffanie-Oak Exhibit No. 19 was marked for identification.)
BY MR. MIGLIORI:
Q I am going to ask you about a document that we talked about a lot so far in this litigation. It's Exhibit No. 19.
I just want you to identify some documents for me.
This is the due diligence file for one of Henry Schein's customers. It's a doctor in Summit County, Ohio, or -- yeah, it's a doctor in the northern district of Ohio named Brian Heim. This is Exhibit No. 19. And this was provided to us as the entire due diligence file for Dr. Heim.
So let's start on the first page. So when you did your review of the due diligence files as the person working on -- particularly on that part of the DEA compliance for Henry Schein, this would be information that you would go online and pull up, correct? This is an online printout, isn't it?
MS. FINCHER: Object to the form.
THE WITNESS: No, we would not.

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BY MR. MIGLIORI:
Q Okay.
A This looks to be a printout from perhaps JD Edwards --
Q Okay.
A -- that Verifications would enter notes in. So this is not how I -- when I was in the role, how we would receive --
Q Okay.
A -- the information.
Q Okay. I'm going to represent to you this was presented to us as the entire file for this one customer.
A Mm-hmm.
Q Okay. So this -- this -- this looks like a JE Edwards inventory of the file of some sort or a docketing? Is that a good word?
A Yeah, it looks like notes from -- I can't tell with the abbreviation specifically what it's referring to.
Q Did you work in this format at all?
A No.
Q Okay. Let's see if we can at least understand some of it.

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It says, "On June 3rd, 2011, W/MP," and it says, "L number 35."
Do you know what that means, what that --
A No, I --
MS. FINCHER: Object to the form, foundation.
THE WITNESS: -- I don't.
BY MR. MIGLIORI:
Q Okay. Is there -- do you know these initials, BMIL?
A No.
Q You will see the top is "S.Abreu."
A Yeah, that's the only one I recognize.
Q Okay. So you don't -- so those were all folks within the Verifications team, correct?
A Yes.
Q Is there anything on this first page of Exhibit No. 19 that looks like it is Regulatory?
A I'm not --
Q Is related to Regulatory?
A I can't tell because I don't know what the abbreviations are.
Q Okay.

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A Yeah.
Q All right. But nothing is jumping out in terms of initials or names or anything like that?
A No.
Q There's a -- another notes page here. It's an approval to purchase testosterone. And the next page is a printout -- it just says: "Responsible party: Brian Heim."
On the next page that ends in Bates 201, it says: "Effective date: August 17, 2011. Heim approved for controls."
Is that something that is potentially done at the Verifications level in the -- at this time when you --
MS. FINCHER: Object to the form.
THE WITNESS: I wasn't involved back then, so I can't say. This is 2000 -- what is this?
BY MR. MIGLIORI:
Q This is '11.
A Okay. And I didn't really work in this system, so I'm not sure what the -- the notes --
Q Okay. My question is not so much about

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the system as much as did the Verifications department -- as of the time you got to -- got to Regulatory in 2012, did the Verifications department have the authority to approve somebody for controls without Regulatory?
A I would have to say yes, because that's the process even while I was in the role.
Q Okay. So this "Heim approved for controls," just by looking at this, we don't know if that's Verifications and/or Regulatory; we can't -- we can't tell --
A If Regulatory was involved in the review?
Q Right.
A Correct.
Q Okay. Let's see what else is in the file. It says: "CAT3 responsible party: Brian Heim, MD."
Do you know what "CAT3 responsible party" means?
A No.
Q Okay. There's another page that says: "Solo, Heim." Do you know what that means?
A It may refer to solo practitioner, but

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I'm not sure.
Q Okay. And did -- as of the time you got into Regulatory, did Verifications approve solo practitioners for controlled substances?
A They could --
Q As a general matter.
A -- yes. Yes.
Q Okay. The next page, it says: "8/23/12. As per Shaun to EML."
Do you recognize those initials, EML?
A No.
Q "The doctor, a new quest sent," and then it has a number. Is that an order number? Is that --
A It looks like a phone number probably.
Q Okay. "New question sent." Okay.
Then "August 24th, received completed questionnaire, placed in bin to be approved."
Do you know what questionnaire?
A They're referring to the KYC, the "Know Your Customer" questionnaire.
Q Okay. So is this the initial onboarding questionnaire?
A I don't --

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MS. FINCHER: Object to the form, foundation.
THE WITNESS: -- know if it's the initial one or --
THE REPORTER: Excuse me.
MR. MIGLIORI: Sorry, it's just the way --
THE WITNESS: Oh.
MS. FINCHER: Object to the form, foundation.
BY MR. MIGLIORI:
Q Go ahead.
A I don't know if that was the first one that was sent.
Q Well, which questionnaires exist as of this point in time?
MS. FINCHER: Object to the form.
THE WITNESS: There was a "Know Your Customer" questionnaire when I came into the role. So...
BY MR. MIGLIORI:
Q Okay. And then this FDU 6376, does that mean anything to you?
A I think it's someone's initials and

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their extension, but I don't know.
Q Okay. "8/25, gave to Shaun, TH."
So the -- the questionnaire came in to be approved, and it was given to Shaun, 8/25.
And then the next page is a form. Can you tell me -- this is dated by fax, August 24th, 2012.
A Mm-hmm.
Q Which is the same date on the prior page as the received completed questionnaire.
A Yeah.
Q So what -- what is this questionnaire? At what stage of the process is this questionnaire?
MS. FINCHER: Object to the form.
THE WITNESS: This is the beginning of the --
BY MR. MIGLIORI:
Q Okay.
A -- the first form that we would -- well, not that -- we may have had a prior form, but this is the form that we would send out to gather the initial information.
Q So this would be the new client

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onboarding questionnaire that would go out to clients -- to new customers, correct?
A New customers, correct. And then over time, I don't remember the specific time period, but we would resend out to get updated information.
So the -- one account would -- would receive it multiple occasions, depending on the -- the time that they would continue ordering with Henry Schein.
Q Okay. But the form, as we're looking at it now, is at least consistent with, in 2012, the forms that would go out initially to a new customer, correct?
A Yes.
Q All right. And it may, as you said, go out before or again, if necessary, for some other due diligence, correct?
A Correct.
Q Now, if we look back on the -- the date of the entry that says "Approved for controls," it says: "Effective date: August 17th, 2011."
Is it possible that this doctor was approved for ordering controlled substances a year

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before this form would come back?
MS. FINCHER: Object to the form, and also mischaracterizes the document.
THE WITNESS: I'm not sure what this date refers to, if it's the date that the entry was put in or -- normally they put the date on the line like you saw. So I would be speculating.
BY MR. MIGLIORI:
Q Okay. And that's why I'm asking is it possible. I'm not asking --
A Yeah.
Q -- for the truth of it. I'm asking at this point in time when you got to Regulatory, were there folks -- were there new customers who were approved for controlled substances without a questionnaire in the file?
MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q Wasn't that one of the observations you found when you looked at the 40,000 customers?
MS. FINCHER: Object to the form.
THE WITNESS: Yes, there may have been customers that did not have it. Correct.
BY MR. MIGLIORI:

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Q And so it is possible anyway that this particular doctor was approved for controlled substances a year before this "Know Your Customer" due diligence form got in the file, correct?
MS. FINCHER: Object to the form.
THE WITNESS: Yes, it's possible.
BY MR. MIGLIORI:
Q Okay. And then if we go through the questionnaire, it does ask is it a solo practice or not. And what kind of practice: Family practice. The address listed, it says: "Home or office?"
Why is that important, home or office?
A Well, basically we're looking at it to make sure it's a legitimate medical office. If someone says -- and I'm sorry, I have to put my hat back on -- if someone says it's a home, we want to have some type of verification that they actually have an office in their home that we can, you know, verify that it appears to be a legitimate practice.
Q So would you do a phone call and/or site visit?

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A We would initially do like Google Earth --
Q Okay.
A -- shots and -- yes.
Q The number of patients who pay with cash or check, why is that important?
A With the pill mills and things, I think it was more relevant. Nowadays with the change of insurance and things, people probably pay more in cash, so I -- but that was -- that was the premise of trying to understand how many patients are they treating that has insurance versus uninsured.
Q And was it a potential red flag that there were -- there were a high volume of patients that paid just in cash without insurance?
A Potentially, yes, red flag, yes.
Q Okay. And so as you go through this form, these are just answers and information that the doctors are providing to Henry Schein in a questionnaire, correct?
A Correct.
Q There's nothing in the process at Henry Schein in 2012 -- or from 2012 to 2015 to automatically verify any of this information,

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correct?
MS. FINCHER: Object to the form.
THE WITNESS: So -- something in the process to automatically verify it? How --
BY MR. MIGLIORI:
Q Well, that's fair. That's not a good question.
Let me say it this way: Unless something jumps out of this page as being extraordinary, these answers are accepted on their face, correct?
A Correct.
Q And when they talk about "the percentage of your practice that patients leave your office with controlled substances," that -- that's representations that you're -- you're trusting a physician on -- on the face of this document for accuracy, correct?
MS. FINCHER: Object to the form.
THE WITNESS: Correct.
BY MR. MIGLIORI:
Q And at least here in this document, if you go on to the next page, it does talk about types of drugs intended to order, and then there's

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a signature.
There is no "under the penalty of perjury" type line here yet as of 2012, correct?
A Correct.
Q That's something that you put in place, I think we said in October of 2014, correct?
A Correct.
Q All right. So if this is -- these two pages -- and you corrected me before appropriately, that it's not one page, it's two pages -- these are the two pages of the due diligence that Henry Schein was attempting to go back and make sure all 40,000 customers had, correct, at least this?
MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q Correct?
A Not all -- I'm sorry. We're -- 40,000, I don't remember --
Q Let me just --
A That wasn't -- was not the number. I don't think it was that many customers. Sorry.
Q Well, initially I showed you a document that said there were 40,000 customers, and 27,000

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had no information. Do you remember that?
A Yeah, so the 27,000 sounds more right than 40.
Q Okay. So when you were looking at those files to say things were deficient, this was one of the things that was missing in those files, correct?
MS. FINCHER: Object to the form.
THE WITNESS: Yes, potentially. Some of them, yes.
BY MR. MIGLIORI:
Q So part of the backlog process was to get this updated, make sure that all the -- all the customers, all 40,000 and ongoing, had due diligence letters in their files. That was an important component of Henry Schein's due diligence program, correct?
MS. FINCHER: Object to the form.
THE WITNESS: So we -- we did not require all 40,000 to have the form. So it's an important distinction, as I mentioned multiple times, where we removed the DEA number from the account to prevent them from ordering. Because a large majority of that population never ordered

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again. And, you know, even going out proactively, they had no intention of ordering, so they wouldn't fill the form out.
BY MR. MIGLIORI:
Q Correct.
A So that's why the number came down significantly.
Q So --
A So...
Q -- of the active customers that -- that were making orders, this had to be in the file, correct?
A Correct.
Q Some orders never got that far because you never activated the accounts.
A Correct.
Q All right. Fair enough.
After those two pages in the file, there seems to be a Ohio License Center printout. Is that a verification of license? Is that something you would see in a due diligence file?
MS. FINCHER: Object to the form.
THE WITNESS: This could be something, yeah, that Verifications would run this. So, yes,

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it could. I'm not familiar myself with this one.
BY MR. MIGLIORI:
Q All right. This was with the Ohio.
And then there is another letter here. It looks like a similar letter, or is this the same? It looks a little different.
A No. So then this is from 2011. That's why I said earlier I couldn't say if that was the first time it was sent --
Q Right.
A -- because it looks -- they did have a previous one.
Q Okay. So this would be the first letter that goes out, right? August 17 --
A I don't know if it's the first one, but it's -- yes, another one that went out.
Q The forms changed a little bit in format anyway, right?
A Mm-hmm.
Q This one is the one-page letter, correct?
A Yes.
Q All right. And then another license verification form for the Ohio center.

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And then we talked about MedPro. Do you recall that?
A Yes.
Q This would be the MedPro printout for Dr. Heim, correct?
MS. FINCHER: Object to the form, foundation.
BY MR. MIGLIORI:
Q If you -- if you -- if you know what they look like.
A Yes.
Q Okay. So this only reports his -- what's SLN information? Do you know what that stands for?
A No. Oh, wait, I'm sorry. Is it state license number?
Q Okay. All right. It says under "Disciplinary Action," do you see it says, "Yes"?
A Yes, I do.
Q Does that mean that this was a positive finding for prior disciplinary action?
A I believe so, yes.
Q Do you know if there is any -- when you see that at Henry Schein, is there active effort

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to try to figure out what that prior disciplinary action was?
A While I was in the role, yes, we would attempt to get a copy of what the disciplinary action was.
Q Okay. And if that disciplinary action demonstrated a prior history of conviction for drug trafficking, is that something you would want to know?
A Yes.
Q If it demonstrates a prior history for loss of medical license, is that something you would want to know?
A Yes.
Q And would that immediately pend or keep pended this potential new customer?
MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q If there was a prior conviction for drug trafficking?
A The order would be pended, yes. Initially that would be why we would do the review. But, correct, that would be a reason not to. To continue to hold until you can do the

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review.
Q If there were further investigation, would that investigation be in this due diligence file?
MS. FINCHER: Object to the form.
THE WITNESS: Yes.
BY MR. MIGLIORI:
Q And is there any experience that you've had of doing further investigation and finding out that in fact the potential new customer was in fact convicted of drug trafficking?
A Not that I'm aware of, no.
Q And if somebody had been previously convicted of drug trafficking, is that enough in the Henry Schein system to restrict that customer or terminate that customer?
MS. FINCHER: Object to the form.
THE WITNESS: It -- it would depend on the circumstances, I think. I mean, we would need to look at it. I can't -- I mean, what -- is that like selling a joint? Is that drug trafficking? I don't know. I mean, I'm not sure.
BY MR. MIGLIORI:
Q Bear with me for one second.

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Would a prior guilty plea to 24 felony counts of theft of drugs and 21 felony counts of illegal possession of drug documents be an issue you would want to know about in your due diligence of a physician?
MS. FINCHER: Object to the form.
THE WITNESS: Yes, I would want to know.
BY MR. MIGLIORI:
Q Is there any set of facts that you can think of as you sit here today that a new customer of Henry Schein would be approved for controlled substances with a history of a guilty plea for 24 felony counts of theft of drugs and 21 felony counts of illegal processing of drug documents?
MS. FINCHER: Object to the form. Improper hypothetical.
BY MR. MIGLIORI:
Q Can you think of any?
MS. FINCHER: Same objection.
THE WITNESS: No.
BY MR. MIGLIORI:
Q If you go to -- that seems to be the last page.
So is it fair to say that, at least when

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you were training your Regulatory people and your training of Verifications people, if there were further investigation of this particular doctor, consistent with your training from 2012 to 2016, would be that whatever that additional investigation or justification would be for this doctor, it would have to be put in the doc- -- in the due diligence file, correct?

MS. FINCHER: Object to the form.

THE WITNESS: If we're able to access it. So there are cases where it says, "Yes," and we may not be able to access it and reach out to the state, and sometimes they won't release it.

So sometimes there's a link directly to it. I know there have been -- I can think of at least one other time where we tried to get copies and weren't able to get it, and maybe due to the length of time that has passed because the system only holds a certain -- they only go back so far.

But if it's available, I know when I was in the role, we did the best to make sure that we can get a copy of it and review it.

BY MR. MIGLIORI:

Q If you inquired of the Ohio Board of

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Pharmacy or the State Medical Board of Ohio about prior disciplinary actions, would that notation of inquiry be in the file?

A Yes.

MS. FINCHER: Object to the form.

BY MR. MIGLIORI:

Q And if they provided you with any information, would that be in the file?

A Yes.

Q And did Henry Schein do anything to look in the criminal justice system to see whether or not its new customers had been convicted or indicted on drug-related offenses --

MS. FINCHER: Object to the form.

BY MR. MIGLIORI:

Q -- in performing its due diligence?

MS. FINCHER: Object to the form.

THE WITNESS: As I mentioned earlier, they only did a -- we only did a license verification. If the charge had an impact to the medical license, even if they were on probation for something, if that was in the system, we would review it.

BY MR. MIGLIORI:

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Q Okay. And so if it's not in that due diligence file I just showed you, Exhibit 19, then it -- then it -- and it was obtained, then at least that file would not be compliant with the due diligence obligations, correct?

MS. FINCHER: Object to the form.

THE WITNESS: With this particular one, both states -- from Ohio say there's no formal action, and then MedPro says, "Disciplinary action, yes."

So I can't tell if there was something to click -- click on, if there was actually something there to get. So it looks like there is a discrepancy even in the data.

BY MR. MIGLIORI:

Q Dr. Heim --

A On both of the Ohio, it says "No act- -- "formal actions exist."

Q And the MedPro data says there was disciplinary --

A It says, "Yes."

Q Do you see anything in that file that shows investigation into that reference that there was disciplinary action?

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MS. FINCHER: Object to the form.

THE WITNESS: Not in what you gave me, no.

BY MR. MIGLIORI:

Q Do you see anything in that file that says that Dr. Heim in 1998 pleaded guilty to over 40 drug-related felonies?

MS. FINCHER: Object to the form.

THE WITNESS: No, not in here.

BY MR. MIGLIORI:

Q Do you see anything in that file that says that doctor -- that Henry Schein provided the DEA, before releasing the last controlled substance order to him, evidence to help support an indictment of him again in 2012?

MR. TOMEVI: Object to the form.

THE WITNESS: I only see here that we did notify the DEA, and the DEA said to continue. Right. "Will notify the" --

BY MR. MIGLIORI:

Q What's the date on that?

A "Will continue to notify DEA if he orders."

Q What's the date on that?

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A Eight -- well, there's an effective date, 8/30/12.
Q Okay. And you know that as of 8/30/12, the DEA had already indicted him again?
MS. FINCHER: Object to the form.
THE WITNESS: I didn't --
BY MR. MIGLIORI:
Q Is there anything in the document that shows that?
MS. FINCHER: Object to the form, foundation.
THE WITNESS: No.
BY MR. MIGLIORI:
Q If it -- if the DEA contacted Henry Schein and said, We're investigating one of your customers, please send us information, is that inquiry alone something that should be in the due diligence file?
MS. FINCHER: Object to the form.
THE WITNESS: It's part of the customer file, but it --
BY MR. MIGLIORI:
Q Let me be more specific.
If the DEA contacts Henry Schein and

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says, We believe that your customer has ordered unusually large volumes of controlled substances, please provide us your supply transactions, is that something that at Henry Schein should show up in the due diligence file?
MS. FINCHER: Object to the form. Improper hypothetical, assumes facts not in evidence.
THE WITNESS: I've never seen a request like that from the DEA where they actually stated that, but we would get requests all the time for sales data, and it would be part of the customer file, but it didn't -- it doesn't get matched up to the questionnaire, I guess is what I'm saying. Overall, it's additional information that's stored in the system, it's reviewed, but it's not attached with this. So you wouldn't get it with -- it's in the system.
BY MR. MIGLIORI:
Q It's in -- in what system?
A They'll scan it into JDE, but it's not part of -- this file at the time that it's produced, it's scanned in, so you can't keep adding to a scan. There may be multiple documents

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over the course of time in the system.
Q So this --
A So it's reviewed and saved. Just --
Q What -- I'm sorry. What's been produced to you is -- produced to us as the due -- as the file, the due diligence file for that doctor.
And my question very simply is, if the DEA informs Henry Schein that it is investigating for criminal purposes one of your customers, would you as the DEA person at Henry Schein expect that information to go into the due diligence file or somewhere else?
MS. FINCHER: Object to the form. Improper hypothetical, assumes facts not in evidence.
THE WITNESS: I would expect it to go into the system and be notified of the concern.
BY MR. MIGLIORI:
Q If a doctor puts in an order, does Verifications have to go through multiple different files to find out whether or not to pend it?
MS. FINCHER: Object to the form.
THE WITNESS: There's different scanned

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attachments in the system, but they're named a certain way so that when they open them, they know what they are.
BY MR. MIGLIORI:
Q And so DEA inquiries, other than the one you referenced on August 30th, 2012, would not automatically go into a due diligence file?
MS. FINCHER: Object to the form.
THE WITNESS: I guess I look at it different, but it's in -- it's in the customer file. I guess if everything is in there, you're referring to it as a due diligence file, then it's there. I'm looking at it as an initial packet that they get when they first approve a customer, and it's a snapshot in time of what was looked at.
BY MR. MIGLIORI:
Q Let me --
A And then there may be additional things that come in.
Q Maybe that's a disconnect.
I want you to assume that Exhibit 19, the document in front of you, that is, the customer file, that's what was produced to us from Henry Schein about this doctor.

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A Okay.
Q If that's how it's been produced to us, would you expect a DEA inquiry and request for transactional information about a doctor to be somewhere in that customer file?
MS. FINCHER: Object to the form.
THE WITNESS: No, if it wasn't specifically requested, and you're only asking for the KYC customer file, then no, it may not have been pulled.
BY MR. MIGLIORI:
Q No, I'm asking for actual orders, number of pills sold.
MS. FINCHER: Object to the form.
THE WITNESS: I'm misunderstanding.
MS. FINCHER: You want to reask the question again?
THE WITNESS: Yeah, please reask it.
BY MR. MIGLIORI:
Q If the DEA calls up Henry Schein and says, We are investigating one of your customers, and we need to know how many pills were sold to this guy over the past X number of months, does your due diligence system do anything to try to

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make sure that that information is documented in the customer file?
A Yes.
MS. FINCHER: Object to the form.
THE WITNESS: Yes.
BY MR. MIGLIORI:
Q All right. So that kind of inquiry from DEA should be somewhere in the customer file, wherever it is.
A Correct.
Q Okay. That's all I was asking. Thank you.
(Steffanie-Oak Exhibit No. 20 was marked for identification.)
BY MR. MIGLIORI:
Q I'll show you Exhibit 20, and then I've got one more after this.
Now, you said you hired Glenn Linnquist, right?
A I was one of the people. I interviewed him, yes.
Q So he was hired on to be sort of the backup help for the -- the due diligence project, correct?

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A That's one of the things that he did, but that wasn't the sole reason why he was hired.
Q Right. But when we talked about him earlier, he was one of the -- that was one of the first things you did is you hired him and another, correct?
A I -- when I came into the role, I lost the two people that were going to be reporting to me, so Glenn was one of the ones that replaced the two I already had.
Q All right. So Glenn writes to you on January 21st, 2016, this is Exhibit No. 20, he says: "Tina, attached is a completed due diligence form for Charles Virden," and it gives JDE.
So the due diligence form, would that be the initial form, do you know?
MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q Or is it too --
A I don't know.
Q -- not specific enough?
A I don't know. I would have to see the file. Because, again, customers, they don't just

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stick with one form. As time goes on, we get a new form.
Q Okay.
A And also, again, because it's coming to Regulatory, we're kind of given that package of information from Verifications.
Q Got you. This is all that's attached. That's why I'm asking --
A Yeah.
Q -- because I don't -- I don't know either.
A Yeah.
Q Okay. You write back and say: "Can you do the visit?"
So based on that exchange, is it fair to say that there's something about Charles Virden that's causing a need for escalating for Regulatory to do a site visit?
MS. FINCHER: Object to the form.
THE WITNESS: Not necessarily, because we also had it set up that there were certain account types that we automatically required site visits on. So as pain clinics started to change, we saw a shift in the market. Weight clinics,

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testosterone clinics, methadone clinics, there were just certain types that we said, Okay, we want to go in and have a site visit, kind of right off the bat. So it could be that. I can't tell from here.
BY MR. MIGLIORI:
Q Well, let's see if this helps.
A Okay.
Q So Ken Romeo writes to you, and copies Glenn, and says: "As an aside on Dr. Virden, he is an artist with a scalpel. That's why the heavy out of state. Though truly a genius in reconstruction, I'll bet his records aren't up to par with DEA. I guess we'll see. Thanks for the honest opinion, Glenn. Because of the personal knowledge, I would have been more lenient. As for doing the SV, sure."
A Site visit?
Q "Site visit, sure. Why not? We all go to accounts multiple times."
So let's start with "out of state." Is one of the reasonable assumptions from this document is that Glenn found that there were a lot of out-of-state plates, license plates for

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patients at Dr. Virden's office?
MS. FINCHER: Object to the form, foundation.
THE WITNESS: No.
BY MR. MIGLIORI:
Q What would that mean?
A No. So he hasn't even done the site visit yet, so he has received the packet, the due diligence packet from Verifications, and he's doing a review of the "Know Your Customer" form that we looked at earlier. And one of the questions on there is, Do you treat out-of-state patients?
Q Got you. So this is just based on the doctor's representation.
A Mm-hmm.
Q Correct? Okay.
And then it says: "Because of the personal knowledge, I would have been more lenient."
That certainly wouldn't be appropriate to be more lenient on a doctor because of a personal relationship, right?
MS. FINCHER: Object to the form.

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Mischaracterizes the document.
THE WITNESS: The way that I interpreted this is Ken knew him as a physician. So he was familiar with his practice, and he's meaning that he had personal knowledge of the practice. That he's a well-known -- what do you call it? -- maybe a plastic surgeon.
BY MR. MIGLIORI:
Q Right.
A That's what he's referring to. And I don't know what the write-up is. I would have to see the file.
Q So maybe it's just poor -- poor wording.
A Correct.
Q But you would never ever have anybody in your department be more lenient applying the law because of personal knowledge, correct?
A Absolutely not.
MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q The reference here or the inference here that you're drawing is that he actually knew this customer well, so, therefore, under the actual law, he would have said this is a person that's

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compliant or not a suspicious -- a potential suspicious ordering doctor.
MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q Correct?
MS. FINCHER: Mischaracterizes the document, foundation.
THE WITNESS: Correct, that was my understanding, knowing the both of them, yes.
BY MR. MIGLIORI:
Q All right. Ken certainly wouldn't say, Go easier on my doctors.
A No, not at all.
Q But up on top he says -- who is KK?
A It was his -- I don't remember exactly. He would call him KK, and Ken would call him Tonto. I don't --
Q Okay. KK, I don't want to touch that.
"KK said he could not do this guy's due diligence review because he knew him. So what do you -- what do you make of this?"
So here at least Ken is saying, I shouldn't do his review because he is actually personal to me.

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A Mm-hmm.
Q Is that an appropriate response?
A Yes, it is.
Q All right. But Ken Romeo was somebody that you had trouble with as a supervisor, correct?
A I did have difficulties at some point, yes.
Q And you actually had to give him multiple warnings about his conduct and his behavior, correct?
A Yes.
Q And he -- you found him to be condescending and rude and inappropriate in the office environment?
A At times, yes.
Q And you wrote him up for that, correct?
A Yes.
Q And I'm not going to ask you much about it, but this is that write-up, correct? This is at least the --
MR. McDONALD: Show it to her first.
(Steffanie-Oak Exhibit No. 21 was marked for identification.)

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BY MR. MIGLIORI:
Q This is Exhibit 21.
This is the second write-up of a verbal warning that you gave to Ken.
A Yes.
Q And again, this was April 15th, 2016, so it's less than a year before you leave the company, correct?
A Correct.
Q And you cite different reasons, but you actually yourself had a bad run-in with him on a phone call, and that was consistent with what other people were reporting to you, correct?
A Correct.
Q Did he stay at the company after you left?
A No, he left prior to me.
Q Okay. And did he leave on his own terms or was he terminated?
A He left on his own terms.
Q And you also had an issue with Jeff Peacock, correct?
A I wouldn't describe it as an issue.
MS. FINCHER: Object to the form.

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THE WITNESS: I think we just have different managerial styles.
BY MR. MIGLIORI:
Q In your exit interview, you did report that you thought he should be replaced, right?
A I don't recall --
Q He said --
A -- ever saying that he should be replaced.
(Steffanie-Oak Exhibit No. 22 was marked for identification.)
BY MR. MIGLIORI:
Q I'm sorry. This is Exhibit No. 22.
A I wish I had that authority, but no.
Q Well, you didn't use the word "replace," but let's see.
So this is your exit interview dated --
A 11/10.
Q -- 11/10 of '16, and your last day was 11/11 of '16.
It said -- it's hard to read. This is how I got it, unfortunately. But -- sure.
Talking about Jeff Peacock, you say: "Someone in his position should not be allowed to

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act as he does. Jeff acts unprofessionally. Seems to go out of his way to make you look bad in front of others. Has made comments to others about the members. Pits people against each other."
Those -- is this your handwriting, by the way?
A No.
MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q Okay. Is that what you related in your exit interview to HR?
A Yes.
Q And what change should be made. You say: "Change in leadership with department. Jeff: Jeff curses, yells at people. No tolerance for yelling."
You believed Jeff should not have the position of leadership in your department as of the time you left, correct?
MS. FINCHER: Object to the form. Mischaracterizes the document.
THE WITNESS: I think they were asking me what would it kind of take for me to stay, and

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I was saying I couldn't stay if I continued to report to him. I don't know if I necessarily was saying that he should leave.
BY MR. MIGLIORI:
Q Well, they say: "What suggestions or comments do you have that would make Henry Schein a better place to work?" "Change Jeff to someone who embraces our culture."
Is that something you would have said?
A No.
(Peruses document.) Oh, I think maybe having him change so that he -- not -- not remove him. That's not what I meant.
Q Okay. But at least here it was reported twice that you said change in leadership with department, change Jeff to someone else.
MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q That's what the form says.
MS. FINCHER: Mischaracterizes the document.
BY MR. MIGLIORI:
Q Correct? Am I reading it correctly?
MS. FINCHER: Object to the form.

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THE WITNESS: I guess the point I was making is that I -- yeah, I couldn't continue -- I didn't wish to continue working under him.
BY MR. MIGLIORI:
Q And is that -- is this who you gave the report to is this June Woz, is that the HR representative?
A Wolf.
Q Wolf. Okay. Do you recall giving that exit interview?
A Yes.
(Steffanie-Oak Exhibit No. 23 was marked for identification.)
BY MR. MIGLIORI:
Q And then Exhibit No. 23 is your resignation letter.
Is it fair to say that Jeff Peacock was a -- a reason why you decided to retire -- or resign?
MS. FINCHER: Object to the form.
THE WITNESS: It was a contributing factor.
BY MR. MIGLIORI:
Q And did you already at this point, as of

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the time of this letter, October 27, 2016, where you're giving your resignation with an effective last day of November 11th, 2016, did you already have a position in a new job?
A Yes.
Q And that's the job you currently hold now?
A Correct.
Q Do you know what the due diligence retention -- file retention, document retention policy is?
A I don't remember it.
Q Do you know if there is one for due diligence?
A Yes.
MS. FINCHER: Object to the form.
BY MR. MIGLIORI:
Q And did you have any -- do you have any, as you sit here today, any specific recollection of dealing with any issues or DEA compliance issues in the state of Ohio?
A No.
Q Do you ever remember having any direct dealings with any of the DEA field offices in

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Ohio?
A Not that I can recall, no.
Q Did you have any roles with respect to suspicious order reporting either to the DEA field office for Ohio or for the state reporting requirements in Ohio?
A As I mentioned earlier, later on in my role, one of the people that reported to me was responsible for the reporting.
Q Right.
A But I didn't really get directly involved in that.
Q Okay. And who -- remind me again, I'm sorry, who was that person?
A Pete Schmidt.
Q Schmidt. Okay.
And you had -- as you sit here today, you have no recollection of any failure to report to the State of Ohio for any period of time while you were in Regulatory, correct?
A The only thing I'm aware of, and I don't remember all the specifics, for the state reporting, I thought that at one point in time they found an error with a report, that it wasn't

pulling in all controls, that it was limited to certain drugs, and then when they discovered that, they corrected it. But that wasn't under my responsibility. I just remember hearing about it.

Q Okay. And so have you reviewed or read Sergio Tejeda's letter to the Ohio Board of Pharmacy about failing to report to Ohio under the required state law?

MS. FINCHER: Object to the form.

THE WITNESS: I don't recall reading the whole letter, no.

BY MR. MIGLIORI:

Q Okay. Are you -- if this case is tried in the fall of this year, in October or November, are you available to testify as a fact witness?

A No. Can I say no?

Q Have you been asked to be available to testify as a fact witness?

A No.

MR. MIGLIORI: Okay. I appreciate your time. Thank you so much.

THE WITNESS: Thank you.

MS. FINCHER: Pass the witness now?

MR. MIGLIORI: Yes.

MS. FINCHER: We'll reserve our questions.

MR. MIGLIORI: Thank you very much.

THE VIDEOGRAPHER: 2:24, we're off the video record. This concludes the video deposition.

(Whereupon, the deposition of TINA STEFFANIE-OAK was concluded at 2:24 p.m.)

CERTIFICATE OF CERTIFIED SHORTHAND REPORTER

The undersigned Certified Shorthand Reporter does hereby certify:

That the foregoing proceeding was taken before me at the time and place therein set forth, at which time the witness was duly sworn; That the testimony of the witness and all objections made at the time of the examination were recorded stenographically by me and were thereafter transcribed, said transcript being a true and correct copy of my shorthand notes thereof; That the dismantling of the original transcript will void the reporter's certificate.

In witness thereof, I have subscribed my name this date: March 14, 2019.

_____

LESLIE A. TODD, CSR, RPR

Certificate No. 5129

(The foregoing certification of this transcript does not apply to any reproduction of the same by any means, unless under the direct control and/or supervision of the certifying reporter.)

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You are signing same subject to the changes you have noted on the errata sheet, which will be attached to your deposition. It is imperative that you return the original errata sheet to the deposing attorney within thirty (30) days of receipt of the deposition transcript by you. If you fail to do so, the deposition transcript may be deemed to be accurate and may be used in court.

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ACKNOWLEDGMENT OF DEPONENT

I,_____, do hereby certify that I have read the foregoing pages, and that the same is a correct transcription of the answers given by me to the questions therein propounded, except for the corrections or changes in form or substance, if any, noted in the attached Errata Sheet.

_____

TINA STEFFANIE-OAK DATE

Subscribed and sworn to
before me this
_____day of_____,20___.
My commission expires:_____

_____

Notary Public